

RUSSIA HEADS FOR THE POLLS

A Glimmer of Democracy

Newsweek

THE INTERNATIONAL NEWSMAGAZINE

March 27, 1989

A NEWSWEEK GUIDE

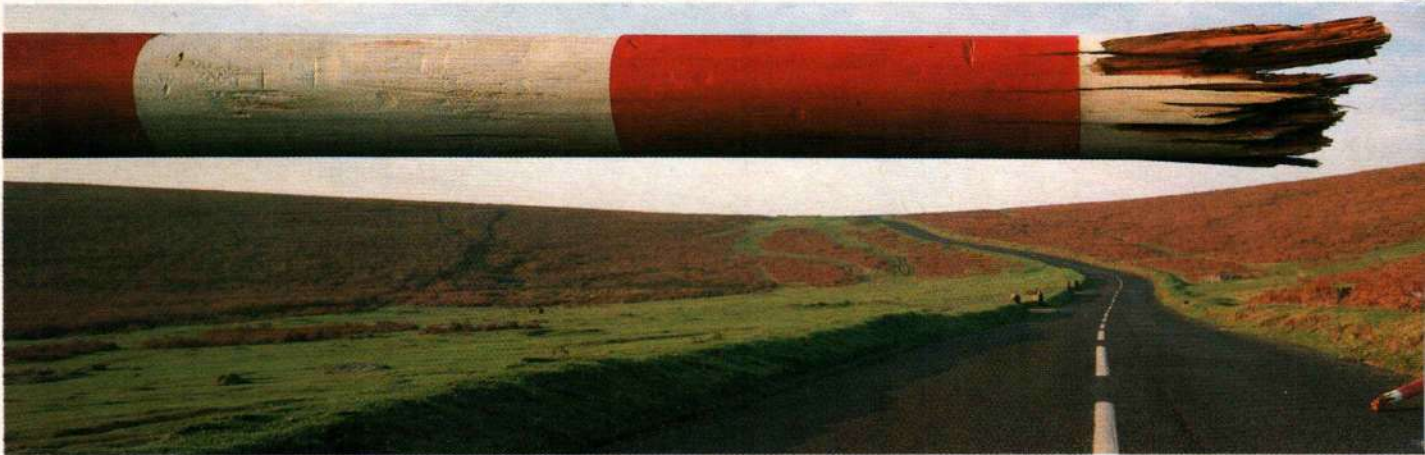
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Number 13

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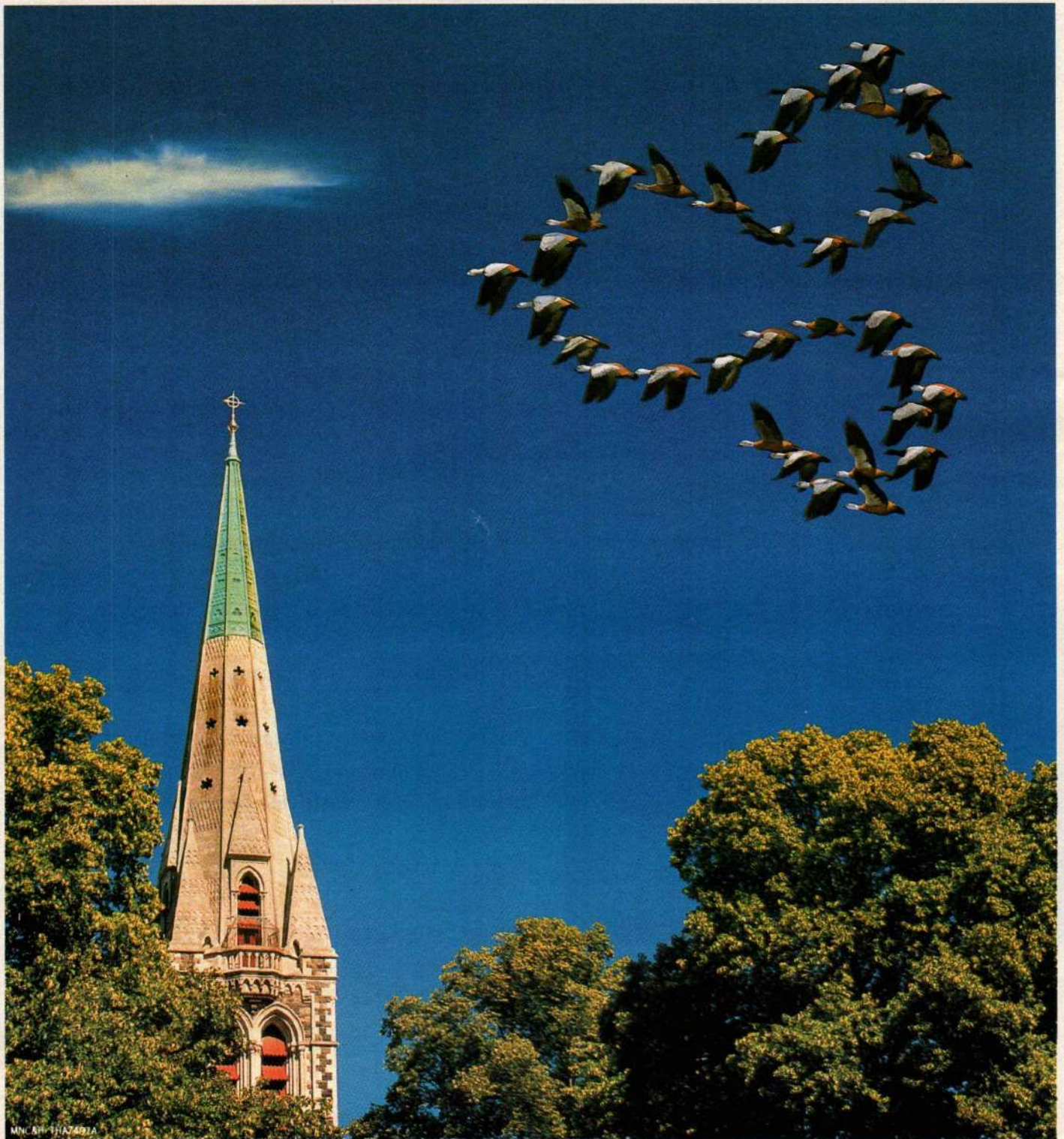
In fact, we're already developing technology for business beyond the single market.

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Creating value

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Russia Votes

In 71 years the Soviet Union has never had a political event like it—an election campaign with buttons, banners and free-wheeling speeches by rival candidates. Most of the 2,250 members of a newly devised Soviet Congress will be elected this Sunday. Mikhail Gorbachev hopes they will give a boost to his troubled reform campaign.

Europe: Page 16



On the Soviet campaign trail

Swiss Scandal

High-level cooperation between Washington and Bern and painstaking legwork by police and prosecutors from Los Angeles to Lugano have broken up multimillion-dollar narcotics operations, revealing how drug dealers have manipulated the arcane Swiss banking laws and exposing some embarrassing connections.

World Business Page 36



Justice Minister Kopp resigns



Fresh foods and fresh questions delivered to the pantry

The American Food Scare

Food, glorious food? Terrorist threats to Chilean fruit in the United States followed hard on worries about pesticide-ridden apples and potentially contaminated corn and sparked a confusing tug of war among growers, retailers, governments and consumers. The threats were foreign and domestic, natural and man-made,

real and inflated. Alone each could be evaluated and in some cases dismissed. Together they appeared to be cause for worry about America's abundant food supply. In a Special Report NEWSWEEK INTERNATIONAL examines the American food scare and assesses the real risks in the things we eat.

Special Report: Page 8



Gun-shop owner with an AK-47

Gun Control?

Was America inching toward gun control? California lawmakers voted to bar sales of assault rifles to the public, the Bush administration banned imports of certain assault rifles—including the AK-47 and Uzi—and Colt Arms Co. said it would no longer sell the AR-15 assault rifle to the public.

U.S. Affairs: Page 32

Bad Habits

For the millions of people who suffer from obsessive-compulsive disorder (OCD), habits are the hobgoblins of the mind. When carried to intense extremes, the repetition of unwanted thoughts (obsessions) or unwanted actions (compulsions) can have a devastating effect. But now new treatments offer hope of relief.

The Mind: Page 40



Hobgoblins of the mind

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A Change of Enemies



In South Africa today, Western nations—not the communists—are regarded as the greatest threat

ANTHONY SAMPSON

It is hard to keep up with the world community's shifting attitudes and activities in its dealings with South Africa. But it is essential to try, because these changes are already altering the political map of the African continent and turning old assumptions upside down.

By far the most remarkable switch is the change in thinking in Moscow. The Soviets have made clear that they are interested in a negotiated settlement rather than a continuing armed conflict, and after snubbing Pretoria for years, they are now talking to their old enemies. This shift is clearly part of Mikhail Gorbachev's grand design, his desire to avoid expensive foreign confrontations and entanglements wherever possible. The "new" South Africa policy might seem a logical extension of last year's agreement to end the war in Angola, which Washington and Moscow worked closely to bring about. But in South Africa, the current Soviet approach has far greater implications, implications that could be good or bad for Pretoria. On the one hand it appears to make Moscow a far less dangerous and revolutionary threat. On the other, it opens the way for a possible common agreement between Moscow, Washington and London to put unwanted—and possibly severe—pressure on Pretoria to change its ways.

Since the Afrikaner National Party came to power 40 years ago it has been dispensing nightmare images of the communist bogey, providing its own definitions of communism and its own mythology about Moscow's "total onslaught" against white South Africans. Many conservatives in the West did not take issue with the Afrikaners' anti-Soviet campaign, on the grounds that they and South Africa need to remain allies in the battle against communism.

Now, however, the Pretoria government is abandoning its "big, bad Russian bear" mythology and has begun to depict Western nations as more dangerous than communist countries. Only last week, as Finance Minister Barend du Plessis presented his austere new budget, he declared: "Every South African will have to make a sacrifice in the battle against an economic onslaught which is being organized against the country internationally."

Behind this kind of statement is another fundamental change in South Africa's foreign strategy: the recognition that Western sanctions are working. Three years ago, when the U.S. Congress first voted for modest sanctions, conservative leaders, led by Ronald Reagan and Margaret Thatcher, insisted that sanctions would be ineffective and, even worse,

would make Afrikaners more intransigent than ever. Yet last year sanctions were already playing a part in pressing South Africa to withdraw from Namibia and Angola. And the desperate shortage of foreign capital, as du Plessis implicitly concedes, is a constant preoccupation in Pretoria.

The old image of the Afrikaner, the "bitter-ender" fighting to the last ditch, has taken several hard knocks since the war in Angola. Pretoria retreated partly because of Angolan air superiority, and partly because of domestic protests against the casualties—though only 37 white combatants had been killed. But the harshest blow has come from the perilous state of the economy, which has been hurt by sanctions both from governments, and more effectively from international bankers.

So the prospect that outside pressure will achieve results looks more hopeful than at any time in 40 years. But what can, and should, that pressure hope to achieve?

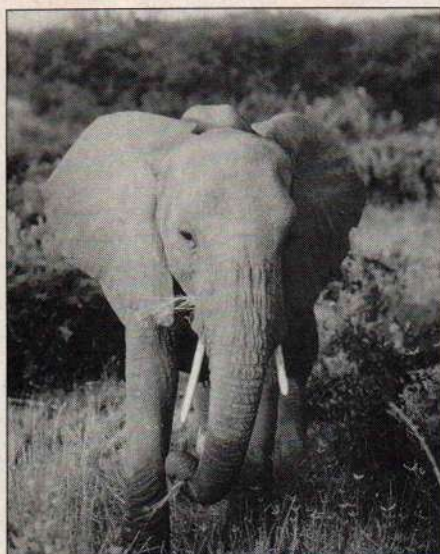
Already a scenario is emerging from the main capitals—Pretoria, Moscow, Washington, London—of a long-term negotiation. That would include an end to Soviet support of the militant revolutionary movement, the African National Congress, which it has armed for the last 25 years. It also seems likely that Pretoria will release ANC leader, Nelson Mandela, as a gesture of conciliation to the West. Thatcher was clearly encouraged by her talk with Pretoria's foreign minister "Pik" Botha in London last week, and she is expected to talk to other emissaries from Pretoria when she visits Zimbabwe at the end of this month.

F. W. de Klerk has already talked about summoning a meeting of black leaders—specifically excluding the ANC—to discuss possible agreements for the country. And the Angolan agreement, which includes banning the ANC guerrillas from that country, encourages the belief that the revolutionary leaders can be disarmed and outmaneuvered. It seems churlish for anyone who longs to see peaceful evolution and reconciliation in this unhappy country to object to this. But the trouble with international realignments is that they too often assume that internal forces will realign themselves as well. As American, Russian or British diplomats work out their solutions, they can easily lose sight of a vitally important question at this moment: who really speaks for the black majority and what settlement will they accept?

People power: Pretoria's strategy depends on trying to bypass the ANC. If the government releases Mandela, it will seek to render him powerless by cutting him off from his radical following. And if it summons black leaders to a conference, it will concentrate on moderate, not militant, tribal leaders. But in its 77-year history the ANC, with all of its mistakes and setbacks, has repeatedly caught up with younger surges of black opposition—whether at Sharpeville in 1960, in Soweto in 1976 or the township rebellions in 1985. It was then that the report of a Commonwealth commission concluded that "there can be no negotiated settlement in South Africa without the ANC." And while radical black leaders have looked to Moscow for guns and money, their ultimate power has always come from their own people—who give them power to strike, to undermine industry, and most recently to hunger-strike.

Everyone should welcome the prospect that the major powers might actually be able to press successfully for a peaceful solution in South Africa. It would be a tragedy if that led to a quick and too-easy deal with Pretoria, which left the major part of the black majority unrepresented, and more alienated than ever from the political system.

Anthony Sampson is the author of "Black and Gold: Tycoons, Revolutionaries and Apartheid."



JOSE AZEL—CONTACT

Target: Elephant in a Kenyan reserve

Saving the Elephants

Without doubt the African elephant today suffers the most serious threat to its survival in the millions of years of its existence (ENVIRONMENT, Feb. 20). Most of Africa's elephants are already dead, slaughtered for their ivory within the past decade. And contrary to what is suggested in your photo caption, few herds can still graze peacefully in wildlife preserves for they have become battlegrounds. Most African governments forbid elephant hunting and trade in ivory. Many have vigorous antipoaching efforts but they are powerless in the face of insatiable demands of a legal world market which consumes the lives of about 100,000 elephants annually. There are still some viable populations of elephants left in Africa but if they are to survive, the reason for their exploitation must be eliminated. The ivory market must be closed.

BILL CLARK
PIERRE PFEFFER
Amnistie pour les Éléphants
Paris

Full marks for your disturbing report on the slaughter of the elephants. Pity that you failed to single out and pay tribute to South Africa, where the authorities lavish so much specialized care on their wildlife. In the Kruger National Park and in all the other wildlife preserves there, elephants and other animals as well as birds are protected from poachers and disease.

RONNIE MISHEIKER
Jerusalem

Letters to the Editor, with the writer's name and address, should be sent to: **Letters Editor, Newsweek, 444 Madison Avenue, New York, N.Y. 10022.** Letters may be edited for reasons of space and clarity.

With reference to your article on ivory poachers, the Cairo daily Al-Ahram reported that the Egyptian government had concluded a commercial agreement with Sudan that stipulates the importation of ivory for Egypt's tourist industry. I hope that U.S. diplomats in Cairo will succeed in persuading the Egyptian government to bar this item from its list of imports.

I. FOUAD
West Berlin, West Germany

'Occupied' Europe

In the article "Why Gorbachev Is Winning" (EUROPE, March 6), your correspondent John Barry writes that "by asking the Soviets to cut to only 8,000 the number of their tanks in Eastern Europe, the Western Alliance is acknowledging—and implicitly accepting—Moscow's occupation of these countries." Barry suggests that NATO should press for a total Soviet pullout from Eastern Europe.

If the presence of Soviet troops is to be called an occupation of Eastern Europe, then the presence of U.S. troops in Western Europe could also be called an occupation. Soviet and American soldiers are staying in the territories of European countries for the defense purposes of their respective alliances—the Warsaw Treaty Organization and NATO. Would I be right in assuming that while recommending that NATO press for a total Soviet pullout, Mr. Barry also stands for a total American pullout from Europe?

OLEG SHIBKO
Novosti Press Agency
Moscow

Liberia and Its Economy

With reference to your article "Treasure for Pleasure" (WORLD AFFAIRS, Feb. 13), your magazine seems to be bent on accentuating the negative aspects of life rather than the positive. The article was one of the poorest pieces of journalism I have ever come across. The truth of the matter is that the governments of the United States and the Republic of Liberia which originally conceived the idea of [sending an American advisory team to help resolve Liberia's financial problems] finally agreed that the work was completed and there was no longer any need to continue [the mission's] activity in Liberia; therefore they decided to discontinue the contract. As a result of this decision, the team was asked to leave. I would also like to note that since their departure, there has been no breakdown in the financial and administrative operations of the government.

DAVID M. FARHAT
Minister of Finance
Republic of Liberia
Monrovia

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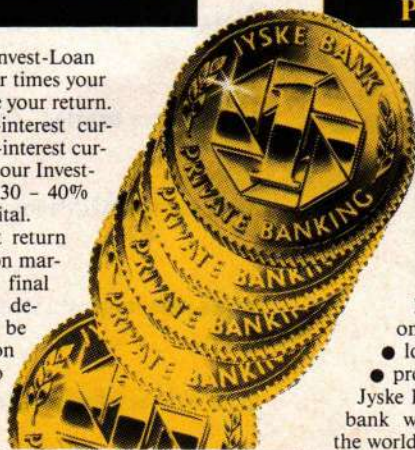
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Tempest in a Teapot

Your article "Lebensraum in a Shopping Bag?" (EUROPE, Feb. 27) is full of misinterpretations. The fact that plastic bags handed out by West Germany's Ministry for Intra-German Relations depict classics of German architectural history is no sign of German aggression. On the contrary, we think that culture does not know any borders and thus culture is a means of finding a way to a united Europe. But Polish officials do not seem to be interested in a united Europe. Furthermore, the Polish port of Danzig was founded by Germans, so why shouldn't it be called by its German name instead of the Polish Gdansk? The Americans call the German city Köln "Cologne" because it is easier for them to pronounce; therefore, we see no reason to change the old German name.

GERD OSTFELD
OLIVER SCHMITS
Bonn

...

Your article seems to imply that the West Germans are still asserting their claim on Poland because for one thing they still persist in calling Gdansk by its former German name, Danzig. I am fully of the opinion that the reflection by Germans on their Nazi past cannot be exhaustive enough; however, I think that your argument is a bit farfetched. The picturing of the Krantor on a shopping bag that is handed out by the Ministry for Intra-German Relations is doubtless a *faux pas*, but I am convinced that it does not reflect the German attitude as far as Gdansk is concerned. Why do you call the German city Cologne by its French name instead of the German name Köln? You are not suggesting that the Rhineland should fall back to France again, are you?

DINAH JORDAN
Bonn

...

I was appalled by the picture you drew of West Germany and its people when commenting on the fact that the Ministry for Intra-German relations displayed Danzig's Krantor in a collage of classics of German architectural history on a recently designed plastic bag. Your posing the question of whether part of Poland is on a shopping list for a Greater Germany tomorrow has me, a 17-year-old German, wondering why half a decade after Hitler invaded Poland the world still tries to maintain a Nazi image of Germany. I am convinced that German history between the years 1939 and 1945 must never be forgotten, but it is high time to acknowledge that this period is over.

PETRA SCHINDLER
Burgkirchen, West Germany

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come round.



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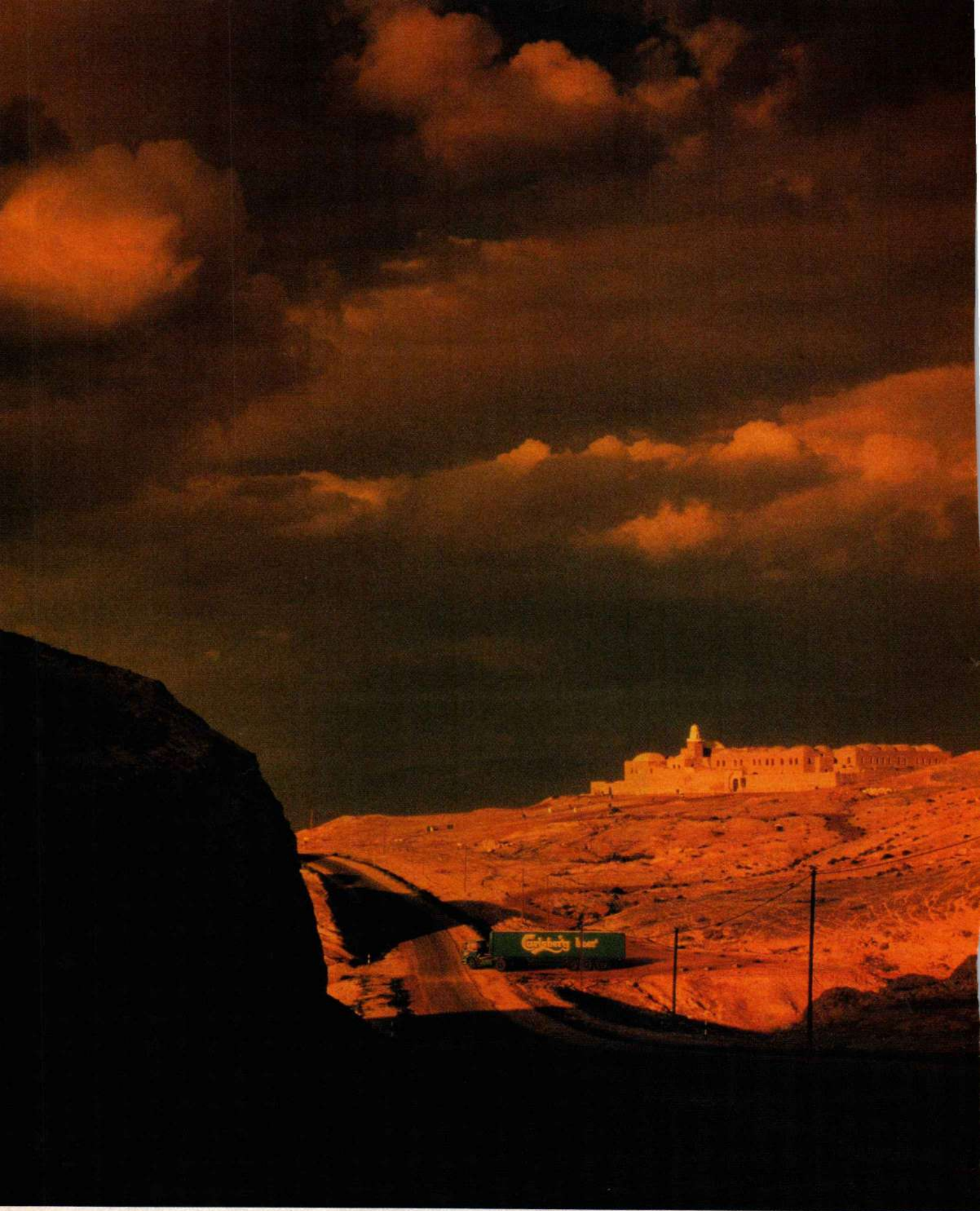
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JOHN FICARA—NEWSWEEK
 'What's good for the goose is good for the gander': *The speaker*

Wright: Tit for Tat

Hoping the best defense is a good offense, House Democrats are spreading the word that if GOP attacks on Speaker Jim Wright continue, they will retaliate with formal charges against two Republican congressmen for alleged ethical violations. "To the extent this process is politicized, what's good for the goose is good for the gander," says a House Democratic aide. The Republicans in question are Ohio's Donald Lukens, who already has been indicted for sexual misconduct, and Pennsylvania's Joseph McDade, who is under criminal investigation by a federal grand jury for accepting questionable campaign contributions. But for all their tough talk, Democrats increasingly believe the only way to cut their losses is

for Wright to announce he'll not run again for speaker in 1991—an option Wright himself told reporters was a possibility if he became a political burden. "The speaker meant that to be a pre-emptive strike, but it could become a self-fulfilling prophecy," says a Democratic aide.



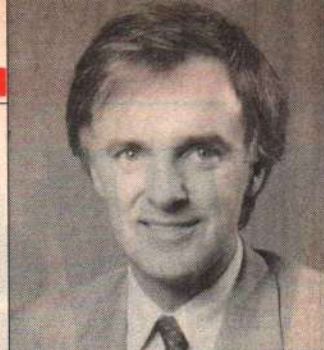
PETER TURNLEY—NBC-BLACK STAR
 An encore is said to be unlikely: *Brokaw interviewing Gorbachev*

Double Nyet

Government sources in Moscow and Beijing say NBC's Tom Brokaw is not likely to succeed in an effort to score exclusive interviews with Mikhail Gorbachev and Deng Xiaoping to be broadcast before Gorbachev's visit to China in May. Brokaw hit the anchorman's trifecta in 1987 when he ap-

'His Eyes Got Too Big'

Democratic Party insider Vernon Jordan, an alumnus of Howard University's law school, privately warned leading Republicans last month that party Chairman Lee Atwater's presence on Howard's board of trustees would touch off campus turmoil. Jordan, with no advance word of student plans, was reflecting widespread anger over the school's decision to offer the seat to a man accused of practicing racial politics. But Atwater's jealous rivals in the party did not press him about Jordan's warning. Now some of Atwater's black Republican friends are privately complaining that he has tried for too much too soon in his zeal to draw blacks to the GOP. "Lee's eyes got too big," said one who attended the rhythm-and-blues concert Atwater played in. "He has to work for a few years to prove to blacks he's serious."



NOLLENDORFS—PICTURE GROUP

No 'show horse': *Kerrey*

Early Foot

Freshman Sen. Bob Kerrey of Nebraska, onetime beau of film star Debra Winger, is surprising Hill veterans who expected a flashy "show horse." The former governor's low-key, deliberative style is winning praise and spurring early talk of Kerrey as a running mate for New Jersey Sen. Bill Bradley on a 1992 presidential ticket. One of Washington's most eligible bachelors, Kerrey has shunned the social circuit and confined his courtship to key senators. A day in West Virginia with Robert Byrd and a tour of Kentucky tobacco fields with Wendell Ford led to seats on the Appropriations and Agriculture committees. "He's a pol," says an admiring House aide. Kerrey is also staking out the high ground in ethics-conscious Washington, spurning honoraria for speeches and appearances.

Jim and Jesse

Secretary of State James Baker will benefit from an early foreign-policy triumph—on Capitol Hill. Senate aides say Baker focused a winning-charm offensive on combative Jesse Helms, the Foreign Relations Committee's ranking Republican. Result: Helms voted for ex-Kissinger aide Lawrence Eagleburger as deputy secretary and will likely offer only token opposition to Mondale Democrat, Bernard Aronson as assistant secretary for Latin America. Some Helms staffers chafe under the kinder, gentler approach. "He has a good relationship and doesn't want to destroy it," one aide sighs.

BILL TURQUE with bureau reports

Missile Move

Senior U.S. arms-control officials believe Mikhail Gorbachev may soon spring another surprise: unilateral withdrawal of half the Soviets' SS-18 heavy missiles. The Soviets provisionally agreed to the cuts in the START talks, now on hold while Washington reviews progress. But officials in Moscow have privately told U.S. visitors that a unilateral cut is being considered. And U.S. satellites have detected a cutback in maintenance and routine operations at SS-18 sites.

sent any that looked suspicious to FDA labs for analysis. The two poisoned grapes—with telltale puncture marks and white crystalline rings on their skins—were from the first group of crates examined, prompting suspicions that an undisclosed tip might have directed agents where to look.

The levels of cyanide were well below the amount needed to make even a child sick. Nevertheless, the FDA immediately ordered a ban on sales of all Chilean fruit, held millions of crates in storage and advised consumers to discard any they had at home. Some produce handlers applauded the action. "Maybe this way the whole country will wake up" to the potential dangers of tampering, said Krishna Thadikamalla, produce buyer at the mammoth DeKalb Farmers Market in Atlanta. But others accused the agency of overreacting. FDA Commissioner Frank Young "has made terrorism pay off, and by making it pay, he's inviting more of the same," said Phil Maxwell, owner of the Maxwell Trading Co., a major fruit importer in Philadelphia. "If you're an Iranian, say, and want to hurt the United States, call Frank Young."

Young insisted he had no choice but to play it safe. Still, as millions of crates of perishables were stacked up in warehouses, more Chilean ships neared port and Chilean officials pleaded severe economic hardship, pressure mounted on the agency to ease up. By the weekend, FDA teams had inspected more than 20,500 cases of Chilean fruit and found no more cyanide. Despite another threatening call to the U.S. Embassy in Santiago, the agency agreed to allow new shipments of Chilean grapes and berries back on the market under stepped-up inspection quotas. Tampering is more difficult to detect in fruits such as peaches, pears, nectarines, melons and Granny Smith apples, so those remained under indefinite quarantine. Young also ordered the destruction of all Chilean fruits already distributed to wholesalers and retailers. Their losses could total millions. But, said Young, "I do not look at health in terms of someone's pocketbook." There was still no way to guarantee the safety of every piece of produce, so Young urged retailers and consumers to look for discoloration, puncture marks, softening or a telltale "burnt almond" smell that cyanide gives off.

Many school officials had applied the same better-safe-than-sorry logic to apple products in the wake of the NRDC report. "The New York Times said there were significant risks of cancer for nine people in every million," said Kevin Gill, executive director of support services for the New York City schools. "That was significant to me because we have 1 million students." But health authorities uniformly criticized schools for spreading unfounded fears. "Scare tactics dealing with our youth are very unfortunate. Nobody's gonna eat six



STEVE LEONARD—BLACK STAR

Grapes held hostage by an anonymous threat in Chile: A bulging warehouse in Chicago

tons of apples a day for 70 years," complained Georgia Agriculture Commissioner Tommy Irvin. "And that's if there were Alar on apples." Apple-industry groups insist that Alar is currently used on just 5 percent of its crop.

Part of the confusion over Alar stems from the fact that the EPA itself has long considered the chemical dangerous, though not as dangerous as the NRDC claims. Last month the EPA announced its intention to ban Alar's use, but that process will take at least 18 months. Even after final test data are completed next year, the proposed ban must undergo public hearings and possible legal challenges. "Under current law, someone can disagree and ask for an administrative hearing," said the EPA's Moore. "That takes another two to three years and, during that period, the chemical stays on the market. I think that's crazy."

Grazier still is the fact that the EPA doesn't know precisely what hazards many common pesticides may pose to humans. Some 50,000 pesticide products, in 600 chemical categories, are in use today. Nearly 400 of those chemicals were on the market long before 1972, when the EPA was first charged with regulating them under FIFRA (the Federal Insecticide, Fungicide and Rodenticide Act), and many would not be allowed on the market under today's standards. Amendments to FIFRA have directed the EPA to re-evaluate the old pesticides under current standards, but it can take years of studies to evaluate the effect of one single pesticide on one single test animal. To date, the EPA has developed data on 192 of the older chemicals, but it has fully reviewed and reregistered only

two of them. Two years ago Congress ordered the process completed—by 1997.

The EPA merely sets "tolerance levels" for pesticide residues. Monitoring and enforcing those limits falls to the FDA, which is equally unmatched to the task. The FDA routinely samples less than 1 percent of the nation's food supply each year, and it tests for only about half of the pesticides currently in use. The General Accounting Office has also criticized the agency for lacking information about pesticides used in foreign countries that turn up on imported foods. But the FDA has only a \$48 million budget and 1,000 inspectors in all, checking everything from blood banks and drugs to food safety; its requests for more funds have been repeatedly slashed. "If you want me to do the job, give me the resources," Young told senators last week. "It is a cruel joke to pass over 20 bills requiring more work and decrease the resources. And the American people need to know that."

Federal authorities rely in large part on the states to help enforce pesticide laws at the farm level. But there, too, inspections are often haphazard. Massachusetts, for example, has only two food and agriculture inspectors to monitor all orchards and farms in the state. And even when violations are noticed, penalties are minor. In California, state inspectors logged 9,287 violations of pesticide laws last year. But those resulted in only 600 fines. California Deputy Attorney General William Cunningham calls the task of policing the thousands of farms with only a dozen investigators "a David-and-Goliath problem... it's as difficult as enforcing the 55-mph speed limit." The task of setting and enforcing safety levels for fish, meanwhile, belongs completely to state and local authorities.



STEVEN BAMBERG—SIPA

Local option: *New York inspector Rudolph Albanese*

Monitoring meat and poultry falls to the USDA, as it has since the days of Upton Sinclair. With a budget 10 times that of the FDA's, USDA inspectors physically examine every single piece of meat and poultry at 7,000 slaughterhouses and processing plants. Inspectors also spot-check for chemical and bacterial problems that aren't visible. Of the problems they do encounter, heptachlor, the pesticide found in the Arkansas chickens, is a common one. The EPA banned its use on food products in 1978, but allowed farmers to use up existing stocks on grain not destined for the food chain. Still, some farmers illegally mix it with feed seeds. That was apparently the case in Arkansas; authorities have yet to find the culprit.

In general, food-industry officials and public-health authorities alike worry far more about microbiologic threats to the food supply than chemical residues. Salmonella is a persistent problem—affecting an estimated one in every three broilers. Yet Congress has rejected attempts to mandate safety levels and sampling programs for such natural contaminants—in part due to industry pressure. ("Every commodity has its congressman," says Ellen Hass of the Public Voice for Food and Health Policy.) Aflatoxin is another naturally occurring toxin. State and federal checks have found high levels in corn this year, due to last summer's drought. But experts inside government and out say that is no cause for panic. Afla-

toxin does not affect sweet corn consumed directly by humans. Federal and state checks of cattle theoretically eliminate the danger that it passes through animal feed into meat. Aflatoxin is generally destroyed by heat in making corn chips, cornmeal or other processed foods. The fact that it has turned up in milk, which is then dumped, "is good, not scary," says the FDA's Catherine Carnevale. "That means we are testing."

Private industry provides additional checks for contaminants that slip past government regulators. Most consumer product companies say their own safety standards far exceed government limits. For the most part, their practices are commendable. But American consumers have learned to be wary. (Even television host David Letterman joined in the cynicism. Among his "Top 10 New Slogans of the National Fruit Council": "Would a giant profit-oriented cartel lie to you?") Indeed, while most major apple-product companies insisted they stopped accepting Alar-treated fruit years ago, California authorities found a curious phenomenon last week: the raw apples they tested were mostly Alar-free, yet every processed apple product they sampled contained traces of the chemical.

Even when private industry safeguards fail, experts say that the real danger of most chemical residues is from long-term exposure. For that, the FDA has one final overall safety check. Since 1961 the agency

has conducted total dietary surveys, purchasing the same 234 food items, based on studies of what Americans eat, in four regions of the country. The FDA washes, peels, boils, bakes and serves them just as a consumer would and analyzes residue levels. Consistently, contaminants fall well within the EPA standards for safety, and are far safer than those set by the World Health Organization.

Those assurances pale against the prospect of deliberate terrorism. "How easy is it for a terrorist to inject something into a few crates of fruit—on the docks, in the fields, on the boats? Very easy," said one FDA investigator who asked not to be named. In the past, terrorists have targeted Israeli produce: lacing oranges in France and West Germany with mercury in 1978, and injecting blue dye into grapefruits in Rome last April. In 1984, Japanese extortionists calling themselves "The Man With 21 Faces" threatened to place cyanide-laced chocolates on shelves in an attempt to extort money from a candy company. No one was hurt. America's own experience with "over the counter" terrorism was more tragic. Investigators have never found the madman who randomly murdered seven Chicago-area residents in 1982 with cyanide-laced Tylenol capsules, nor his twisted motive. But that incident did spark strict tamper-proof packaging on all over-the-counter medications.

Protecting food products is far more difficult, particularly at the retail level. An average customer may handle 10 steaks before purchasing any; a vandal could tamper with one without arousing suspicion. As of last week, FDA officials had no plans to require more packaging around food products. Most experts say it wouldn't be effective anyway. "You could hypodermic something right through the overwrap," says Ada Shinabarger of Michigan State University's agricultural cooperative extension. U.S. authorities do have one new weapon against copycat terrorist threats: an AT&T phone system that permits immediate identification of a caller's location. But no amount of technology can erase the impact of the past several weeks. The weekly trip to the supermarket has become a much more complicated and risky business.

MELINDA BECK with MARY HAGER and MARK MILLER in Washington, SUE HUTCHISON in New York, GEORGE HACKETT in Philadelphia, NADINE JOSEPH in San Francisco and bureau reports

You Can't Just Buy American

The United States is still the food basket for the world, but it's importing meat, fish, fruit and vegetables.

1988 U.S. FOOD IMPORTS	VALUE (BILLIONS OF DOLLARS)	MAJOR COUNTRIES OF ORIGIN
Shellfish	\$2.7	Mexico, Ecuador, Canada
Coffee*	\$2.5	Brazil, Colombia, Mexico
Beef and veal	\$1.7	Australia, New Zealand, Canada
Pork	\$.9	Canada, Denmark
Orange juice	\$.6	Brazil, Mexico
Cheese	\$.4	New Zealand, Italy
Grapes	\$.3	Chile
Tomatoes*	\$.2	Mexico, Italy
Poultry*	\$.1	China, Canada, France
Melons	\$.1	Mexico

*AND BYPRODUCTS.
SOURCE: FOREIGN AGRICULTURAL TRADE OF THE U.S.

A Guide to the Grocery

Keep eating fruits and vegetables, but be careful—and wash your hands!

BY SHARON BEGLEY AND MARY HAGER

If it isn't poisoned Chilean grapes or tainted Arkansas chickens, then it's dioxin in milk or chemicals on apples. Eating is beginning to seem like a hazardous enterprise, and there are indeed real risks out there. The trip to the pantry has become a cost-benefit game. Here's how to play.

Don't believe all the scare stories. Look for evidence, look for numbers—actual illnesses, quantified cancer risks—and beware of terms like "trivial": what may be a small risk to industry is unacceptable to a mother. Then, *understand* the numbers. The average American has a one in four chance of getting cancer. A new prediction of 6,000 excess cancers in today's preschoolers seems like a horrible toll, but for each kid, it's equivalent to an increase in risk from 25 to 25.025 percent. Consider the benefits. Skim milk that may have tiny traces of dioxin also provides protein, calcium and vitamin D. The biggest food risk—microbial contamination—kills thousands each year but can be avoided with better cleanliness. Another high risk is poor diet, such as one high in fat or salt. Here is NEWSWEEK's guide to the grocery.



ILLUSTRATIONS BY BLUMRICH—NEWSWEEK

Fruits and Vegetables

Farmers apply hundreds of chemicals every year to control weeds, fungi or insects on produce. What's deadly to a corn borer may not be exactly healthy for people. The Environmental Protection Agency says pesticide residues pose the third highest threat of environmentally induced cancer, behind cigarettes and radon. Many pesticides were approved for use decades before researchers had good tests of their toxicity, and many still remain on the market.

The recent controversial report by the environmental group Natural Resources Defense Council (NEWSWEEK, Jan. 30) concludes that some 3 million kids are exposed to neu-

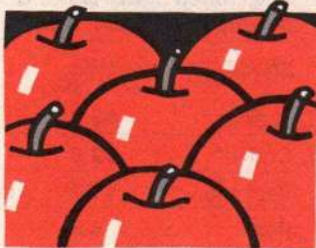
rotoxic pesticides above what the EPA considers an "acceptable" level. And because children eat relatively more fruits and vegetables than adults, they receive several times the exposure to carcinogenic pesticides than their parents. As a result, says the NRDC, 5,500 to 6,200 of today's preschoolers may get cancer eventually because of childhood exposure to just eight pesticides. A 1987 study by the National Research Council showed how dangerous food is allowed to be. The NRC examined cancer risk from about 20 out of 60 pesticides known to be carcinogenic. It found that if all produce had the maximum allowable residue of every pesticide approved for use on it—more than 110 on apples, 70 on bell peppers, 100 on tomatoes—Americans would face a cancer risk of three in 1,000 over a 70-year lifetime.

The good news is that real life is not this bad. In 1988 the FDA found no residue at all in 57 percent of 14,492 food samples; less than 1 percent had illegally high residues. And instead of using every permitted pesticide every year, farmers use only those necessary for

that season's pests—six to 20 on apples, for instance, not the whole 110.

Fruits and vegetables also contain *natural* poisons, some of which may cause cancer. Biochemist Bruce Ames of the University of California, Berkeley, estimates that people ingest 10,000 times as much "natural pesticides" as man-made ones. The EPA can't do anything about nature. But it is re-evaluating all 300 agricultural pesticides with an eye toward lowering the allowable residues or banning some chemicals entirely.

While that goes on, remember that fruits and vegetables such as broccoli and carrots provide nutrients that have been linked to *reduced* risks of cancer. The National Research Council recommends that Americans eat five or more servings of produce a day, especially citrus fruits and green and yellow vegetables. To lessen your risk from any lingering pesticides, wash all produce with soap and water. If you can't bear the sight of a sudsy cabbage leaf, cook your vegetables; the heat will eliminate some residues. For a good primer on residues try the Sierra Club book "Pesticide Alert."



Apples

To many confused consumers, apples now look like the poisoned fruit of the Snow White tale. Since 1968 some red varieties have been sprayed with the suspect chemical daminozide, made by Uniroyal Chemical Co. under the trade name

Alar. This growth regulator keeps apples from dropping off trees before they ripen, improves color and firmness and extends shelf life. But the chemical penetrates the pulp and cannot be washed, cooked or peeled off. In 1986, bowing to consumer pressure, processors and stores pledged not to accept Alar-treated apples.

Some seem to have reneged. Next week Consumers Union will announce whether most juices bought this year contain traces of Alar, as did 1988 samples. CU already reported levels in some brands of juice bought in 1988 as high as .53 parts per million—high enough to pose a risk of cancer much greater than the one in a million which prompts EPA action. There are wide regional disparities in Alar levels in eating apples. New York officials said last week that as much as 20 percent of their 1988 crop was sprayed with Alar. The EPA's estimate that only 5 percent of the domestic crop is sprayed may be way too low.

The real culprit, however, is not Alar but its breakdown product, called UDMH. This chemical cousin of rocket fuel forms when Alar is heated, as during processing into sauce or juice. Also, traces of it can be found in the Alar itself which is sprayed in the orchard. Uniroyal's latest data on daminozide show that it is probably not carcinogenic. The still preliminary UDMH data are more worrisome: the EPA calculates that UDMH in apple products, consumed in amounts that may underestimate actual eating patterns, poses a cancer risk of 45 in a million over a lifetime. The EPA says it intends to ban Alar within 18 months. For a baby who drinks one ounce of apple juice a day, the risk of getting cancer because of the juice drunk over that waiting period is nine in a million; a toddler drinking

eight ounces a day would have a risk of about 20 in a million. Uniroyal insists that, when completed, its tests will exonerate UDMH.

To avoid the risks of Alar and UDMH, grow your own apples. Or eat those from California, where the chemical isn't used. Or stick to green varieties like Granny Smith that aren't treated with Alar. Drink juice brands that get a clean bill of health in independent (not manufacturer) tests.



Chicken and Eggs

Here the latest risk comes from salmonella, ubiquitous bacteria that can cause nausea, diarrhea and fever. Symptoms can last one day or several. There are more than 40,000 cases—and 500 deaths—of salmonella poisoning reported in the United States every year, says the federal Centers for Disease Control. Many more poisonings go unreported; the actual incidence may be 4 million. Not all come from eggs or poultry. But last April, CDC researchers reported on 65 salmonella outbreaks in the Northeast that caused 2,119 illnesses. Of those that could be traced to a specific food, 77 percent were apparently caused by uncracked eggs. The eggs seemed to have been contaminated by salmonella in the hen. Approximately one third of the chickens in the nation's supermarkets contain salmonella.

Salmonella poisoning is easy to avoid. Wash raw poultry and everything it touches—utensils, cutting board, counter top. Cook the bird thoroughly. Don't eat raw eggs—no homemade mayonnaise, eggnog or ice cream, and no cake batter. Boil eggs at least seven minutes—swear off soft-boiled. Poach eggs for five minutes or fry for three minutes a side.



Beef, Poultry and Pork

One concern is hormones, an issue raised when the European Economic Community recently banned American beef containing hormones. Cattle-men give steers the natural sex hormones estradiol, testosterone and progesterone—through ear implants—to make the animal put on lean muscle with less feed; they also sometimes use two synthetics. (A third, DES, has been linked to cancer and was banned in 1979; illegal use was detected in 1980 and 1983.) Pork and poultry producers do not use hormones. Three ounces of beef

from an untreated animal contain about 1.3 nanograms (billionths of a gram) of the animal's own natural estrogen; meat from a treated animal has 1.9 nanograms. By comparison, an average man produces 380,000 nanograms of estrogen a day; a serving of cole slaw has 2,500 nanograms (the hormone is in cabbage). Hormone residues do seem harmless.

Antibiotics in livestock feed pose a different problem. Pork producers feed their animals low doses of penicillin, tetracycline and other human antibiotics; cattlemen use tetracycline. (Poultry producers usually feed animals only antibiotics that aren't prescribed for humans.) The concern is that people may become infected with microbes that won't respond to antibiotics. This might happen because the drugs can make the animals' resident microbes resistant to antibiotics. If the meat is then contaminated with resistant bugs, they could infect people handling it. In February, the Institute of Medicine, part

of the National Academy of Sciences, reported that it was "unable to find data directly implicating" low doses of the drugs in human disease. But it estimated that 10 of the 500 salmonella deaths in the United States annually might be traced to resistant strains produced by antibiotics in animal feed.

To guard against resistant microbes, after handling raw meat wash your hands and all utensils and surfaces thoroughly with hot water and soap.



Milk

Last summer a Canadian government scientist showed that dioxin in cardboard cartons can migrate into the milk they contain. John Ryan measured .04 parts per trillion (ppt) of the form of dioxin known as TCDD. It apparently enters paper products during a bleaching process that uses chlorine.

The only documented effect of dioxin in people is a skin disease called chloracne, which afflicted victims of an industrial accident. But TCDD is, according to animal tests, the most powerful carcinogen ever evaluated. The EPA concluded that even 1 ppt of TCDD poses an "unacceptable" cancer risk; TCDD has also been linked to birth defects and immune-system disorders in test animals. The FDA estimates that children drinking all their milk from contaminated cartons may be doubling their daily dioxin intake, and it is now trying to verify Ryan's work. If the Canadian scientist is correct, drinking milk in dioxin-laced cartons may pose a lifetime cancer risk of one in 10,000.

The American Paper Institute is studying the potential problem of dioxin in paper products; it may be possible to line

Anxiety in the Market

Americans still believe their food is safe, but there are more worries and calls for remedial action.

Fears About Food

- 38%** Are more worried that the food they eat may be contaminated by pesticides or other toxic chemicals
- 6%** Less worried
- 53%** About the same

Buying Habits

- Consumers who say they're worried or have cut purchases:
- 44%** Apples
- 41%** Vegetables
- 23%** Eggs and poultry
- 25%** Fish
- 9%** Milk
- 11%** Corn

Confidence in the U.S. Government

- 52%** Feel the government ensures food produced in the United States is safe
- 44%** Feel food imported from foreign countries is safe

Pesticides

- 73%** Think we should use fewer pesticides and chemicals to ensure safer food even if it means higher prices
- 45%** Often or occasionally buy organic foods
- 47%** Never or hardly ever buy organic foods

For this NEWSWEEK Poll, The Gallup Organization interviewed a national sample of 766 adults by telephone March 16-17. The margin of error is plus or minus 4 percentage points. Some "Don't know" and other answers omitted. The NEWSWEEK Poll © 1989 by NEWSWEEK, Inc.

the cartons with foil to prevent dioxin from leaching into the beverage. In the meantime, to play it safe, buy fresh milk only in glass or plastic.



Fish

Lake fish pose more of a threat than ocean fish. Some species from the Great Lakes, such as coho and chinook salmon, contain PCB's as well as the pesticides DDT, chlordane, aldrin, dieldrin, toxaphene and more than 100 other compounds found in industrial wastes. Although many chemicals have been banned, they remain in lake sediments and in the food chain, including fish. The compounds have been linked to cancers, neurotoxicity and other ills. The Great Lakes states issue annual advisories warning consumers not to eat certain species, or to eat less of them, if a certain percentage of the fish have contamination levels above the FDA's "action level."

Contamination varies widely, both from year to year and from lake to lake. In 1986 DDT levels for salmon and lake trout in Lake Michigan ranged from .01 ppm to 1.5 ppm (the action level is 5 ppm). Dieldrin contamination varied from .01 to 0.2 ppm (the action level is 0.3 ppm). Overall, the risk of cancer from eating 50 meals a year of Lake Michigan fish is one in 1,000 over a lifetime, says J. Milton Clark of the EPA's regional office in Chicago; eating only one meal a year poses a risk of one in 50,000. But according to a new study in the American Journal of Public Health the danger may be greater: eating 150 meals a year, as a sports fisherman might, poses a one in 100 cancer risk from dieldrin and three in 1,000 from DDT if the fish contain the action levels of these poisons. Even contamination well below the ac-

tion levels can raise cancer risk by six in 10,000 for DDT and four in 1,000 for dieldrin, say the researchers.

Exotic chemicals are not the only threat in fish. Fish from both fresh water and from the sea can contain microbes, including those from sewage, and on average they pose a tenfold higher risk of bacterial and viral infection than beef and seven times higher than chicken.

Inspection, like contamination, varies. Individual states—not the federal government—monitor local markets. Some states do a good job, some don't. Short of running your trout through a gas chromatograph, all you can do is sharply limit consumption of freshwater fish, especially fatty varieties like lake trout that concentrate the contaminants the most. Lean ocean fish, like red snapper and flounder, are a safer bet. The best precaution is a question: where did this fish come from? Avoid those from polluted waters like some Great Lakes and the New York coast. Cook it thoroughly to kill microbes. Nothing gets rid of the toxics. Sushi is riskier than cooked fish, but no one knows how much riskier. Decide for yourself whether you can live without a yellowtail hand roll.



Canned food

Lead from soldered can seams gets into the food through leaching or splattering during manufacture. Some 20 to 30 percent of cans are lead-soldered. Acidic foods such as tomato products, fruit juice and anything packed in citric acid are the worst offenders. Because neuroscientists have found that lead damages children's brains at even trace levels, they recommend that kids get no avoidable lead from food. Says neurochemist Ellen Silbergeld of the Environmental

Defense Fund, "Lead and lead exposure is the most serious environmental health problem, far outweighing carcinogens." Recent surveys indicate that 60 percent of young children have blood lead levels that may impair their neurological development.

To minimize your child's risk, buy products in seamless or welded cans. A welded can has a black-striped, flat seam. Lead-soldered cans have crimped seams, and an irregular line of silver-gray metal along the joint.



Corn and Peanuts

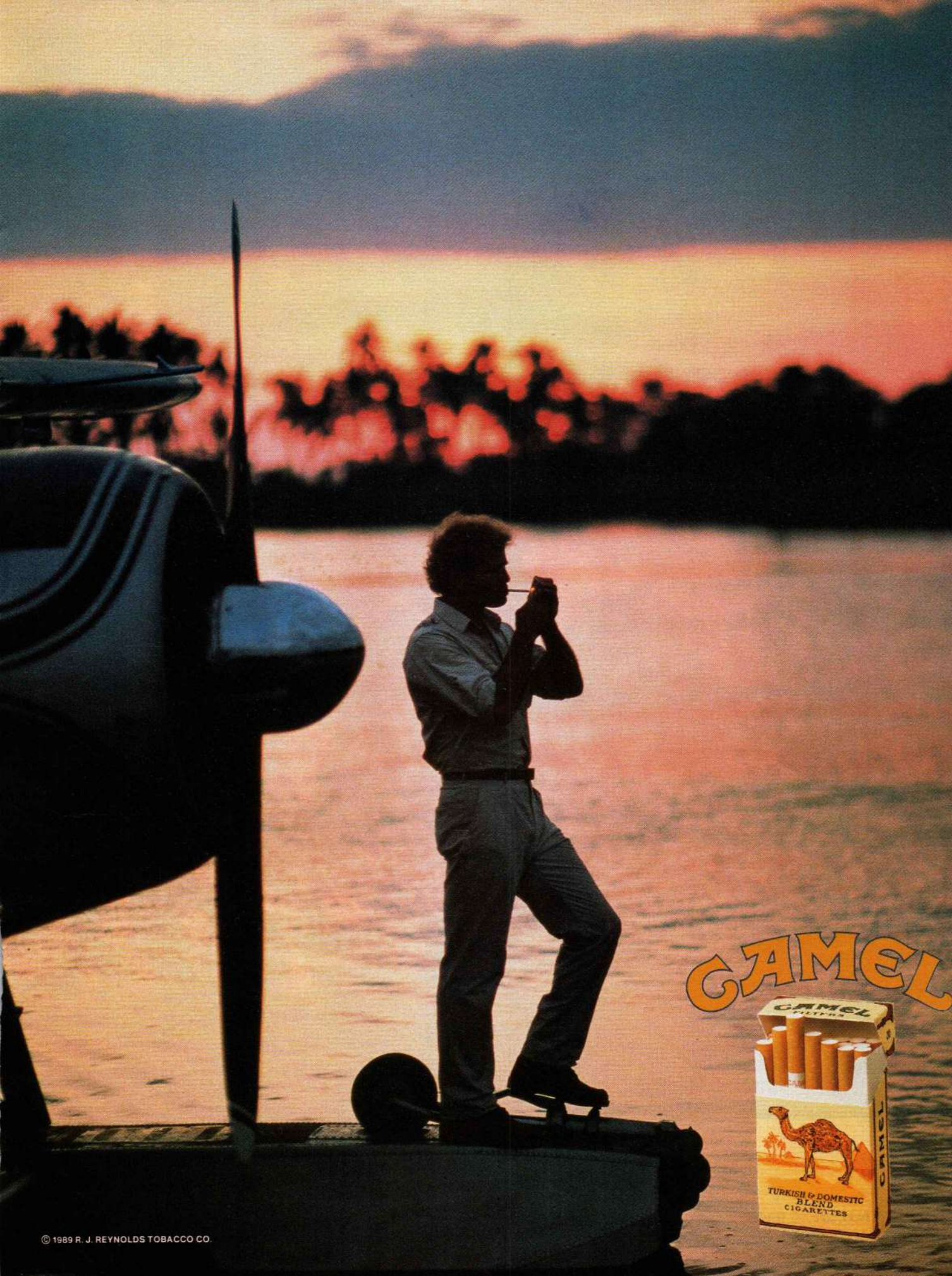
The *Aspergillus flavus* mold can infest wheat, corn, millet, other grains and peanuts; it secretes a highly toxic compound called aflatoxin. For years aflatoxin has plagued peanuts in the Southeast; last year's hot, dry summer created an ideal environment for the fungus in Midwestern grain. Animal studies show aflatoxin to be the second most potent carcinogen ever tested (surpassed only by TCDD). It causes liver cancer in rodents, but its impact on people remains unclear. Five epidemiological studies carried out in the Third World showed a clear link between intake of aflatoxin and cancer, says Ronald Shank of the University of California at Irvine. In these countries, however, aflatoxin intake was five to 500 times higher than in the United States. "This is a genuine carcinogen, but you're going to have to really pig out on corn or peanuts [to face a serious risk]," says microbiologist Lloyd Witter of the University of Illinois.

The FDA allows 0.5 parts per billion (ppb) aflatoxin in milk and 20 ppb in other foods. The 20 ppb was chosen because it can generally be met by industry, not because it is "safe,"

charge some consumer groups. Actual levels in peanut butter vary from year to year, but lately have been holding below 1 ppb. Berkeley's Bruce Ames estimates that if the average aflatoxin level in peanut butter is 2 ppb, a sandwich is 100 times more carcinogenic than all the DDT in our diet. Sweet corn, which is eaten canned, fresh or frozen, shows no aflatoxin. Field corn, fed to livestock or processed into such foods as breakfast cereal and flour, has some aflatoxin: FDA tests of chips, popcorn, tortillas and cereal found every sample to be under the 20 ppb limit—but again, that figure may not be meaningful for health. Corn flour and meal exceeded that level in 2 percent of the cases, and was not allowed to be sold.

For safety, cook grits, flour or meal to substantially reduce aflatoxin levels. Cornflakes are probably OK, since processing cuts aflatoxin. Don't subsist on peanut butter; even though the crop has been getting cleaner, the risk is not negligible.

The odd thing is, food should be the least of our worries: radon from the soil poses a cancer risk of 1 in 1,000, smoking a pack a day increases a woman's chance of dying of lung cancer fourteenfold. A blood cholesterol level of 300 increases the risk of heart attack fourfold compared to a level of 200. But risk has its own psychology. Smoking is voluntary; radon is natural and ranting at nature doesn't do much good. Says Peter Sandman of Rutgers University, "The risks that kill you are not necessarily the risks that anger and frighten you. Risk is the sum of hazard and outrage." Since food is supposed to be safe, if it poses any risk at all, people are outraged. If their outrage and fear make consumers shun produce in favor of, say, fatty, salty snacks, attempts to raise public consciousness on food safety will have backfired. But if the outrage translates into political action—stricter and faster controls on dangerous pesticides, for instance—then the panic may have been worth it.



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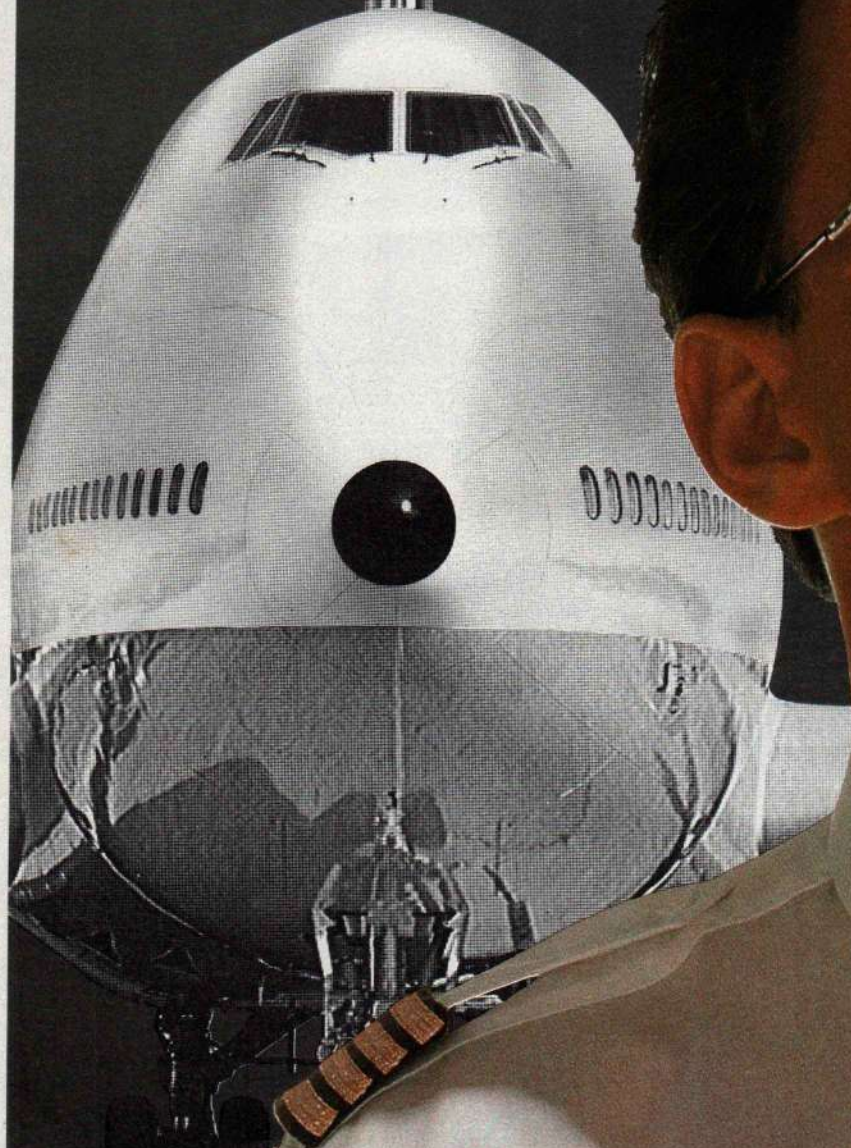


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Suddenly, It's a Panic for Organic

More customers want fruit without pesticides

The organic-food business was going bananas last week with distributors, store managers and shoppers clamoring for fruits and vegetables grown close to home and close to nature. "Produce brokers have been on the phone calling every organic farmer they know: 'What do you have? How much do you have? When can I get it?'" says George DeVault, editor of *The New Farm* magazine. "They're desperate. And of course organic apples and apple juice are worth their weight in gold." Even organic apples from the supermarket made some consumers nervous. Rhonda Kravitz, a Highland Park, Ill., nurse with a new baby, shopped last week at Green Earth Natural Foods, where prices are high but where she knows she can trust the labels. "It's worth it just for the peace of mind," she says.

Unfortunately, peace of mind for frantic shoppers will be scarce for some time. Organic farming still represents only a tiny fraction of American agriculture. In California, where much of the nation's organic produce is grown, about 60,000 acres are devoted to organic agriculture, and account for less than 1 percent of the produce available for market. But more and more farmers are converting at least part of their acreage to organic growing. The expensive quantities of chemicals required for modern farming, the cumbersome regulations that govern their use and the dangers associated with them are driving farmers to look for new methods. "Within the last year we've gotten two to three hundred percent more calls from farmers wanting to get into an organic program," says Bob Cantisano, a Nevada City, Calif., consultant. "I've had guys call and say, 'I've had it, what have you got to offer?' They're fed up."

'Size growers': In addition, many farmers know they can make money with organic produce. Purepak Inc., a southern California vegetable grower, recently converted a third of its 3,000 acres to organic agriculture. "These are the size growers it takes to supply the chain stores," says Bill Brammer, president of the California Certified Organic Farmers. "They see there's a market."



HERMAN J. KOKOJAN—BLACK STAR

Produce that promises peace of mind: Shopping at a Santa Monica, Calif., market

Farmers who do make the change will find it rough going at first. Production will be down, and since land in California cannot be certified as organic until it has been chemical-free for at least a year, their crops won't command the premium prices of organic produce. "It's a big gamble," says Otis Wollan, executive director of California's Committee for Sustainable Agriculture, which promotes ecologically sound farming. "This is an unknown area, and there's no funding for it."

Blemish free: Indeed, some federal and local programs actually work against farmers who want to reduce their use of chemicals. Organic farmers may have trouble getting bank loans or crop insurance because they aren't using standard chemical methods, and federal commodities programs—which are based on high yields and consistent production—end up penalizing farmers who rest and renew their fields organically. Moreover, according to a report by the California Public Interest Research Group, a consumer-advocacy organization, standards set by the government and the produce industry virtually mandate excessive pesticide use. These standards govern the appearance of fresh produce, in effect keeping supplies limited and prices up by requiring farmers to produce artificially hardy, blemish-free fruit.

Rather than dismiss chemicals entirely, many farmers are turning to what's called Integrated Pest Management, using natural predators and other organic methods and resorting to chemicals only when necessary. But perhaps the chief reason why organic and semiorganic methods are gaining favor these days is that the pests are simply getting tougher than the pesticides. Since the 1950s insecticide use has increased tenfold, according to David Pimentel, professor of insect ecology and agricultural sciences at Cornell University in New York. During the same period, the amount

of crops lost to pest damage has doubled.

Nonetheless, many agriculturalists doubt that American farmers could feed the nation without using pesticides. Output would drop drastically, they assert, and some believe that certain crops cannot be grown by organic methods. "If every fruit and vegetable being grown in this country was done so organically today, we would run out of produce very fast," says Jim Miller, a Coloma, Mich., farmer. Other farmers say you can grow anything with limited or no chemicals, and committed organic growers are impatient with the argument that their techniques will work only on a small scale. Tom Pavich, who grows organic grapes and melons on 2,200 acres in California and Arizona, says his method is more management-intensive than conventional farming. "If it works on small acreage, there would be no reason why it couldn't work on larger acreage," he says. "It's just a matter of management."

So, will there be piles of dewy organic peaches in every market this summer? Probably not. Grand Union and a few other chains are stocking organic produce, but many of the largest chains say the supply isn't there. "But why is the supply of conventional produce there?" says Susan Haeger, communications director for Organic Farms Inc. in Beltsville, Md., one of the country's largest organic-food distributors. "It's there because supermarkets have made the commitment to farmers to buy the produce. Supermarkets have to make the same commitment to organic farmers." Consumer pressure will play a role, too. Last year Organic Farms couldn't sell all its organic apple juice, so this year the order was cut back. "Three months ago we were discounting it," laments Haeger. "Now people want it by the truckload."

LAURA SHAPIRO with LYNDY WRIGHT in San Francisco, PATRICIA KING and TIM PADGETT in Chicago and LAUREN PICKER in New York

in a paradigm of the democratic process.

The Supreme Soviet also may help the leadership trim some of the deadwood from the hierarchy. Because the Parliament will meet for seven or eight months a year, its members will have to give up their present jobs, some of which are quite senior. Georgi Arbatov, for example, would have to give up his post as head of the Institute of U.S.A. and Canada Studies, a leading Kremlin think tank, if he is elected to the Supreme Soviet. Arbatov is said to prefer to remain at his institute post, a more influential job.

But a party source says that "Gorbachev wants to use the new Parliament as a way of easing toward retirement Brezhnev-era holdovers," such as Arbatov, in their middle or late 60s.

Gorbachev himself may not want the more radical candidates, such as Yeltsin, to succeed. No one knows what will happen if Yeltsin, who was dropped from the Politburo in 1987 for complaining about the slow pace of reform, wins big in his Moscow constituency. "Will they let his popularity show?" wonders a Western ambassador.

"Will they stuff the ballot box? Will they tell us the result?" By last week it still was unclear whether the votes would be counted in secret or in public. "They are making up the rules as they go," says the envoy. For all the novelty of the election, it is the Communist Party that ultimately settles every issue. Whether Gorbachev emerges from the election with a sufficient mandate to push perestroika more rapidly will depend on politicking within the party, not at the polling booth.

FRED COLEMAN in Moscow

A Maverick Woos the Voters

How does a new-breed Soviet politician probe for votes at Moscow's Institute of Proctology? Last week Roy Medvedev, a distinctly unofficial Marxist historian, captivated this rather unusual audience with now-it-can-be-told medical anecdotes about Soviet giants of yore. He talked about Lenin's debilitating stroke of 1922. He described Kremlin leader Yuri Andropov, dying of kidney disease in his dacha in 1984 and refusing to see anyone but his KGB doctors and his protégé, Mikhail Gorbachev. His most intriguing tidbit involved Stalin, who couldn't hold his liquor, Medvedev told the crowd. At official banquets, Stalin surreptitiously poured water into his vodka glass—and watched slyly as his aides got falling-down drunk. The 100 physicians and staff members greeted Medvedev's revelations with applause, laughter and occasional gasps. "He's fantastic," said one doctor. "I'm certainly going to vote for him."

For Medvedev, 63, election to the new Congress of People's Deputies would be a victory to savor. For the better part of the past two decades he has been a Soviet pariah. His book "Let History Judge," a denunciation of the Stalin era, earned him expulsion from the Communist Party in 1969. For years thereafter the KGB hounded him—tapping his phone, intercepting his mail, searching his apart-

ment and at one point keeping his door under constant guard. Medvedev has enjoyed a large measure of political rehabilitation under Gorbachev. Now he is running for public office, campaigning on a platform demanding more democracy in the Soviet Union.

Medvedev has a personal agenda as well. If elected, he intends to demand an investigation into the wrongs that he and his family suffered at the hands of the KGB. He also intends to demand that the government restore Soviet citi-

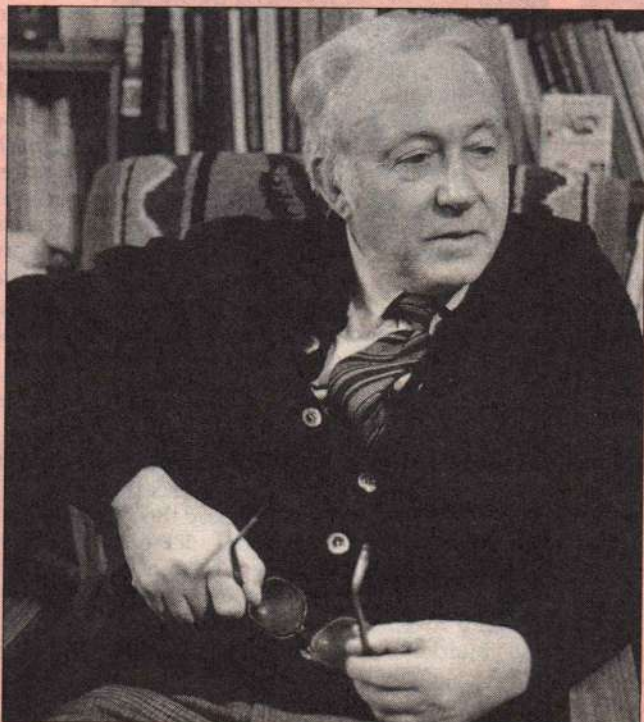
zenship to his brother Zhores Medvedev, a biologist who has lived in exile in London since 1972. As a historian, Medvedev has a special reason for wanting to become a deputy: he believes he might then have official access to statistical data and other information the government has long denied him. The elections for the People's Congress are "only 10 percent democratic," Medvedev concedes. But he goes on to add that "with skill, we can use this 10 percent intelligently."

For all his appeal to Soviet

intellectuals, Medvedev is not assured of election. He would represent some 300,000 voters in the Voroshilovski district of northern Moscow, a neighborhood dotted with drab high-rises. Five other candidates are contesting the same seat, and three of them have the advantage of being Communist Party members. While they can look to the party for help, Medvedev must type up his own campaign handbills and then have them photocopied by a friend.

Medvedev seems to be enjoying his first fling at politics. "I'm terribly busy," he says. "I'm just like an American congressman in a campaign." That is a slight overstatement: Medvedev has been making an average of only one appearance a day during the three-week campaign, and some of his talks are closed to the press—a tactic that would strike American candidates as madness. The questions he faces aren't the same, either. "How can we break with the past?" someone in the audience asked him last week. "How can democratization be combined with a strong central government?" another wanted to know. It was doubtful that Medvedev, as one of 2,250 deputies in a Congress overwhelmingly dominated by the Communist Party, would be in much of a position to resolve such questions. But at least people felt free to ask them—and for the first time a candidate such as Roy Medvedev was free to respond.

CARROLL BOGERT in Moscow



SOVPHOTO

"I'm just like an American congressman in a campaign": Medvedev



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No green light for private farming: Unloading produce at a cannery in Volgograd

A Fight Over Farm Policy

Conservatives water down Gorbachev's reforms

Agriculture was supposed to be Mikhail Gorbachev's strong suit. The Soviet leader first rose to prominence, after all, as the Communist Party's secretary in charge of the farm sector. But at last week's Central Committee meeting, the real master of Soviet agricultural policy turned out to be Yegor Ligachev, the leading conservative on the ruling Politburo. Gorbachev had wanted a massive shift from the inefficient state-farm system to a new private method based on leases. Instead, he got approval for only a relatively small leasehold sector within the existing state system. Behind the scenes, Ligachev had engineered the watered-down compromise. Briefing reporters after the meeting, Ligachev insisted that "state and collective farms will continue to account for most of our agricultural production."

White-haired and 68, Ligachev has proved to be a master of political infighting, equally adept at standing tough or turning on the charm. Behind the scenes he pushed Gorbachev into dialing back on more radical farm proposals, then presented the compromise package in public as the agreed reforms of a united Kremlin leadership. Only last September, Gorbachev had demoted Ligachev from the party's No. 2 position—that of overseeing both ideology and personnel—and had given him the agriculture portfolio. Moscow's diplomatic community concluded that Ligachev was being set up for enforced retirement. The party leader in the Siberian city of Tomsk for 18 years, Ligachev had risen to prominence as an industrial expert. He knew little about agriculture and seemed no match for Gorbachev in that field. And if



A master of political scuffling: Ligachev

the reforms that Gorbachev envisioned succeeded in relieving the Soviet Union's chronic food shortages, Gorbachev would get the credit. If they failed, Ligachev, as the new secretary in charge of carrying out the reforms, would get the blame.

Sell for profit: Gorbachev proposed to revamp the country's agricultural system with what amounted, in all but name, to a return to private farming. His idea was to provide incentives to harder work—and higher output—by moving toward private ownership of the land. Farmers, he said, should be able to lease land from the state for 50 years, work it as their own and sell their output for profit on private markets. "The path of lease farming should be taken by the whole of agriculture, the entire

agrarian sector," the Soviet leader declared in a statement of policy last fall.

That wasn't how Ligachev saw it. He favored strengthening the state sector with better investment policies, improved farm management, better transport, storage and food processing. He considered leasing an experiment worth trying, on a relatively small scale, within the state system. Ligachev rallied support within the party leadership, and his view was, in most respects, the one that emerged from the Central Committee meeting last week.

Voluntary leases: He won the crucial point: that all leased land should be leased from existing state and collective farms, and that all such leases should be voluntary on both sides. Thus state and collective farms will remain the masters of their land. If they don't want to lease their land to individuals or groups of farmers to be worked privately, they don't have to. And local officials are not compelled to promote the lease system. The Ligachev faction even presented that as a more democratic system: no one is forced to do anything.

Ligachev called the voluntary system a great improvement over Stalin's old "command method." But the result will be a relatively small leasehold sector. Without an element of compulsion—pushing state farms toward leasing their land—there will not be the kind of massive shift to leasing that Gorbachev had in mind. In the centrally planned Soviet system, some sort of push is needed to make a major shift—particularly in the countryside, where the peasantry traditionally resists change if given the choice. Ligachev said the party had set no target figures for the number of farms or acres it wants under the leasehold system in one to five years. "That would be coercion," he objected.

So far, Ligachev has challenged Gorbachev only on questions of policy, not on his stewardship of the party. Ligachev himself made that perfectly clear. "Comrade Gorbachev is doing a splendid job at home and abroad and we are very satisfied with that," he declared at his Moscow news conference last week. He also claimed that he and Gorbachev "have good comradely relations." But as the infighting over agriculture showed, Ligachev is not afraid to stand up to his boss. "If we have differences on methods or on approaches, then we discuss them openly and very freely in the collective leadership," he said. "But once decisions are taken, there are no more differences." Still, Ligachev could not resist making a subtle distinction. "Ligachev's position," he stressed, "is thoroughly in line with Politburo decisions." That, of course, is not the same as saying that Ligachev's position is thoroughly in line with Gorbachev's. No one is more aware of the difference than Gorbachev himself.

FRED COLEMAN in Moscow

Europe's Power Play

The Strasbourg Parliament takes on the Eurocrats

BY SCOTT SULLIVAN

Tibet. Romania. Food additives. Human rights in Turkey. Artificial insemination. Multinational corporations. Genetic engineering. The "social dimension" of the European Community after 1992. Safety belts in passenger cars.

Last week in Strasbourg, the European Parliament debated all these subjects, as well as hundreds of others. On Tuesday alone, parliamentary committees and caucuses held 82 separate meetings. A Yugoslav delegation turned up, seeking closer trade ties with the European Community. So did the Chinese ambassador to Belgium, lobbying to avoid a harsh condemnation of his country's actions in Tibet. Half the members of the 17-member European Commission were in town to testify. And more than 4,000 tourists trooped through the elegant modern Parliament building on the banks of the Ill River.

The 518-member European Parliament may not yet rank among the most powerful legislatures in the world. But since the European Community began gearing up for the creation of a truly "common market" after 1992, it has quintupled its activities. The Strasbourg Parliament has earned the right to veto treaties between the EC and other countries. It can now block the accession of any new member state. And the European Commission is obliged to take account of parliamentary amendments to any of the 275 "directives" that make up the 1992 program. "In fact," says Lord Plumb, the British Tory who presides over the Parliament, "we have far more power than most national parliaments. Look at the way the Commission comes rushing down here to consult us."

Benzine fuel: Not everyone agrees with that ebullient estimate. One of the Commission's directors general in Brussels remarks cynically: "Some of the Parliament's amendments really improve the directives, and we welcome them. But if Parliament tries to make substantive changes, we still have many ways to get around them." A recent study indicates that the Commission in fact accepts 72 percent of the Euro-Parliament's amendments to its directives on first reading and 42 percent of the remainder on second reading. In one case, Parliament voted down an

entire directive—on benzine fuel. The Brussels Eurocrats had to rewrite it.

What everyone does accept is that the Euro-Parliament has outgrown its origins as an elegant but rather pointless debating society. It has gained international stature as the place where Ronald Reagan, Pope John Paul II and Yasir Arafat come to address the European public. (Mikhail Gorbachev is expected later this year.) And it has become a leader in the complex business of building a credible and vigorous European Community.

The Parliament has won new respect in spite of its highly ambiguous constitutional status. The Brussels commission retains the exclusive right to initiate new rules and regulations for the EC. The Council of Ministers, a 12-member body representing the EC member states, ultimately legislates for the Community as a whole. The Parliament, founded in 1957 by the Treaty of Rome, remained for 22 years an institution with very limited powers. It could cut but not increase the EC budget. It could fire the entire commis-



Not yet among the most powerful legislatures in the world

sion, an action so extreme that it was never credible. Its members were elected indirectly, from the membership of the Community's national legislative bodies. Then in 1979, for the first time, members of the European Parliament were directly elected by European voters.

Europe's federalists now see the Parliament as the only Community institution that can claim the legitimacy that comes from direct popular elections. "There won't be a real European union until there is a real European Parliament," says Fernand Herman, a Belgian Christian Democrat. Herman and other radical "federasts"—as they are irreverently dubbed in Strasbourg—intend to fight to enlarge the Parliament's powers. They are particularly eager to gain the right to approve candidates for the Commission, a function that is now entirely in the hands of member states. One radical federalist plan calls for the Parliament to veto the admission of any new member state into the Community until the Council cedes increased powers to Strasbourg. Most MEP's regard that sort of institutional blackmail as repellent and unlikely to succeed. But Herman claims that more than 160 MEP's are prepared to precipitate an institutional crisis.

E U R O P E
AFTER
1992



A showcase for leaders: Arafat last September



MARC CHAUMEIL—COLLECTIF-JB PICTURES

world, but surely one of the busiest: Casting a vote during a 1988 session

If so, they could probably delay the entrance of Austria or another new member.

The Commission enjoys the advantage of a huge, permanent headquarters in Brussels. The Parliament, however, has no real home. Its plenary sessions are held in Strasbourg, its staff is located in Luxembourg and most committee hearings are held in Brussels. Originally, this tri-city arrangement was intended to spread prestige as widely as possible among EC members. As the price of prestige, however, tons of paper must now be trucked around among the three cities every month. An aluminum footlocker stands outside every Parliamentarian's office waiting to be filled with documents for the next move. Last month the Parliament voted itself the right to hold some plenary meetings in Brussels. But France regards the Strasbourg connection as an issue of national honor, and recently won Spain's support. Spanish MEP's agreed to oppose removing the Parliament from Strasbourg; in return, the French agreed to oppose any future resolutions against bullfighting.

Chronic absenteeism: By its very nature, the Parliament is a chaotic institution. Many of the MEP's are aging politicians who have been sent out to pasture in Strasbourg. A good number are very young and inexperienced. Their main goal is to graduate to a seat in their own national parliaments. Absenteeism is a chronic problem.

The Parliament must make room for more than 60 different political parties from the 12 countries. They range from the uninhibited German Greens to members of Jean-Marie Le Pen's xenophobic

National Front in France. At Strasbourg, they sit in 12 international groups, roughly organized along ideological lines. The real power rests with the 165-member Socialist Group and the 113-member Christian Democratic Group; between them, they can muster an absolute majority of 260. And they use that power readily. "The two big groups settle things between themselves," complains Simone Veil, a French centrist leader. "Then they tell the smaller groups how to vote."

Nine languages: With so much internal incoherence—not to mention debates in nine languages—it is something of a wonder that the Euro-Parliament functions at all. But it does. Twice in the mid-1980s, the Parliament refused to approve the EC budget. Last year the legislators stalled an agreement between the EC and Israel that involved about \$100 million in business for the Israelis. After six months Israel agreed to the Parliament's demand that Palestinians living in the occupied territories be allowed to ship their products directly to the EC without going through Israeli bureaucratic procedures. "The Parliament wanted to send Israel a political message," says Enrico Vinci, the Parliament's secretary general. "And Israel heard it clearly."

Through such tactics, the European Parliament is gradually creating a real function for itself. At the very least, it now provides a human face for a European Community that long seemed to be dominated by faceless bureaucrats. The European tourists who fill the visitors' gallery watch with rapt attention. The Parliament is an

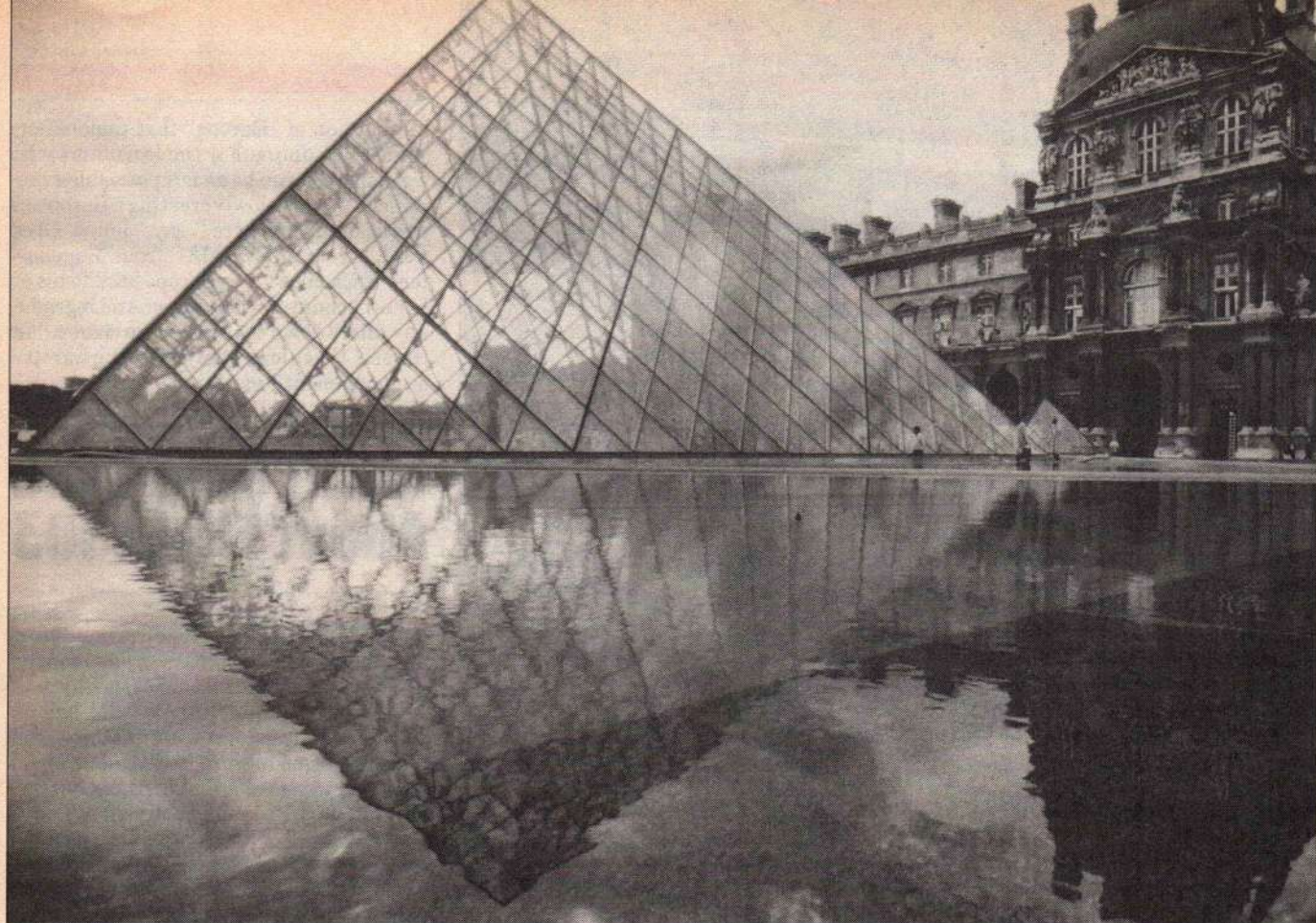
incarnation of "Europe" that they understand and admire. For the legislators who work there, it can be an irreplaceable experience. "We are slowly creating a European political culture here," says James Glyn Ford, a young labor MEP from Manchester. "Each of us takes Europe back to his or her own country when we go. And it gradually filters down to the average citizen." In the end, that alone may justify the European Parliament's existence.

More Questions About Flight 103

Couldn't someone have done something to prevent terrorists from blowing Pan Am Flight 103 out of the sky over Lockerbie, Scotland, last Dec. 21? British officials confirmed last week that they had telexed a bomb alert to British airports on Nov. 22, days after a similar U.S. message. On Dec. 19, Britain's Department of Transport produced a more detailed warning, including a color photograph depicting explosives concealed in a radio-cassette recorder—the precise type of bomb that brought down the airliner. But this alert was put in the mail, delayed by the holiday rush and arrived at Pan Am on Jan. 17—a full 27 days after the loss of Flight 103. Could the warning have made a difference?

The Labour opposition, backed by relatives of the victims, charged the Thatcher government with "incompetence." But Transport Minister Paul Channon said the alert lost in the mail "was a matter of no significance whatsoever" considering the series of earlier warnings. In fact, the West German police had broken an alleged ring of Palestinian terrorists and confiscated a radio-cassette bomb in October. In early November, the Germans said, they supplied Pan Am and other airlines with a photo of the device. Pan Am admits receiving three distinct warnings, the first nearly six weeks before its 747 went down. "We took each advisory seriously and put into place security which we thought addressed the [pertinent] points," said company spokeswoman Pamela Hanlon.

That so much good intelligence failed to prevent the terrorist attack was more frustrating than anything else. At least there were hints that investigators were closing in on the terrorists themselves. The British press reported that one man had been arrested in the case—although British and German officials denied the story. Another report claimed that investigators had identified the suitcase that had contained the bomb—and were busy determining the identity of the bag's owner.



MARC RIBOUD—MAGNUM

Not just another pretty place: The venerable museum and Pei's gleaming addition, which brings light, grace—and controversy

Jewel of the Louvre

An ultramodern pyramid for an ancient palace

In the courtyard of an ancient palace in Paris, four men in white coveralls, sponges in hand, rappel across the face of a huge glass structure. Sightseers gaze in awe as the men swing from cables, soaping down the grey glass panels with balletic grace. These are no ordinary window washers, but this is no ordinary palace. To clean the Louvre's newest acquisition—a glistening glass pyramid that serves as its main entrance—trained Alpine mountain climbers were put to work. Next week, after an \$850 million, six-year overhaul, a renovated Louvre will be officially reopened by French President François Mitterrand. For the resurrection of the much-maligned old museum, France is pulling out all the stops.

Vastly enlarged and completely redesigned, the Louvre will be the world's largest museum when the last of its new rooms are opened in 1993. It may also be the world's most beautiful. The great pyramid brings light and grace to the central courtyard, formerly the site of a parking lot and

two dingy, littered plots of grass. Critics of the pyramid, the work of American architect I. M. Pei, castigate the design as an inappropriate and offensive eyesore in the midst of an architectural masterpiece (box). Undaunted, Pei calls it "the most important work of my life." Pei said he rejected the idea of using stone because it would have blocked too much of the view of the two main wings of the palace. He also turned aside suggestions of a glass skylight, saying that he felt it "might have clashed with the old French dome that dominates the courtyard." With his pyramid, and the accompanying renovations underground, Pei said last week that he felt he had contributed to "the history of France, 800 years of history etched in the stone of the Louvre."

'What style?' The museum that Mitterrand commissioned Pei to revamp was anything but a uniform structure. It is a pastiche, with additions and afterthoughts that culminated with the completion of the main façades in the 19th century. To avoid

clashing with the courtyard's Napoleon III wings, Pei built 650,000 square feet of extra exhibition space underground, and for the new main entrance he elected to create a structure focused on transparency and light. "If you choose to work in stone, you have to ask, 'What style?'" Pei explained. "Napoleon III? Modern? Both would be ridiculous." A flat skylight, he felt, would have made the entrance look like "an aquarium or a subway."

Pei chose a high, glass pyramid that would preserve the view of the ancient palace while letting in natural light. He designed it with the strict geometry of classic French landscaping in mind. The accompanying pools and fountains, which Pei also designed, are integral to this geometric concept. As the architect explained: "The play of water and the sky of Paris as reflected in glass are natural elements in a landscape design. Using them was a neutral solution."

The criticism that greeted the announcement of Pei's pyramid was political as well as esthetic. Many of Mitterrand's foes attacked Pei's pristine modern design as a desecration of the old palace. Some went so far as to suggest that the pyramid was proof of Mitterrand's pharaonic ambitions and the cultural depravity of his Socialists. But the pyramid's pure, light lines have won over many of its opponents. The political

squabble lost some of its sting last October, when *Le Figaro*, the conservative magazine that had been in the vanguard of the opposition, executed a sudden about-face. It proclaimed, in a headline, that **THE PYRAMID IS VERY BEAUTIFUL AFTER ALL**—and invited hundreds of guests inside Pei's creation to celebrate the magazine's 10th anniversary.

Though Pei's pyramid is the most stunning change in the Louvre, it is in fact the proverbial tip of an iceberg. Deep underneath the courtyard lies a treasure that had lain buried for centuries until the recent excavations. Workers discovered a high, unfinished decorative wall built for Louis XIV. Alongside it were the rounded turrets of King Phillippe Auguste's 12th century fortress and the city wall that he built to protect Paris from 12th century marauders. Nearby, archeologists discovered a medieval neighborhood, complete with streets and workshops, latrines, chicken coops, pigsties, fields and cattle tracks. They also found remains of ice-age harpoons, traces of a neolithic shepherds' campsite, bronze-age tools and several tombs. The ancient walls, along with thousands of artifacts and detailed maps, will now be on permanent display.

Covered courtyards: The Louvre of the future will not only be a much larger museum (double its previous size), but a more orderly one. When the final touches are in place in 1993, 80 percent of the art now on display will move to new locations, and much of the trove of unexhibited works, including a collection of historic Islamic art, will emerge from shabby storerooms. Two covered courtyards will be reserved for sculpture. Michelangelo's "Slaves" will at last be freed from their tiny basement. A series of 24 Rubens canvases commissioned by Ma-



MARC RIBOUD—MAGNUM

Transparency and light: Inside the pyramid

rie de Médicis will be shown in a new room—reunited for the first time.

This can only be an improvement. The old Louvre was arguably the worst major art gallery in the industrial world. It was poorly laid out and painfully cramped. It lacked adequate toilets, restaurants and signposts; the guards were surly and given

to sudden strikes. And if the museum was indifferent to the needs of tourists, it took no better care of its own staff, who suffered without suitable lab space, workshops, even changing rooms. Now the facilities will be state of the art. Underground roadways will allow easy and secure transport of precious works of art. (The previous method was to lower them out of windows and to pray against rain.) There will be an underground parking lot for tour buses, eliminating an eyesore in the courtyard above. Even the museum's guards will have a new look: uniforms designed by Yves Saint Laurent.

Even the new concrete is top of the line. For the ceiling of the huge atrium beneath the pyramid, Pei's contractors used special sand from the Nièvre valley to create an ivory mix of exceptional beauty. For the floors and walls, architects visited every quarry in France before selecting a creamy stone from Burgundy. The pyramid's spider-web frame uses technology adapted from the design of jet planes and America's Cup yachts. Next week the palace of

the kings of France will enter an era of escalators, video screens and diaper-changing tables in restrooms. It is a far cry from the days of courtly masquerades and royal intrigue, days of divertissements when 9-year-old King Louis XIII promenaded his favorite camel among the galleries.

RUTH MARSHALL in Paris

What? A Man Who Doesn't Like the Pyramid!

It has become very bad form to dislike the gleaming glass pyramid that has sprouted like some malignant mushroom in the middle of the Louvre. Six years ago, when I.M. Pei unveiled his sketches, Paris society scoffed out loud. Despising the pyramid was the done thing. Now times have changed. The clique of taste-makers who hold court at Left Bank dinner parties have decreed the pyramid to be a minor masterpiece. They praise its exquisite hardware, exclaim over its hand-poured

cement, gush about the way the changing cloudscape filters through its glass panels. Anyone who dares to question the current esthetic canon is treated like the little boy who revealed that the emperor was, in fact, naked.

As for me, I still hate the pyramid. Not for what it is but for where it is. Transplanted to almost any other site in the world, it would be an embellishment. In the Louvre's Napoleon Court, it is an intrusive abomination. It performs no real function. It destroys the

harmony of one of Europe's most beautiful and tranquil public spaces. It undermines the sweet illusion that a bit of the noble past can survive in the turbulent present. It obliges the visitor to look at the pyramid, not the Louvre Palace.

Pei and his supporters argue that the pyramid is an integral part of a long overdue face-lifting for the museum. It is true that the increasingly shabby and crowded Louvre badly needed primping up. But it didn't need a

pyramid. Unfortunately, like most French leaders, President François Mitterrand wanted to leave his imprint on the Paris cityscape. He has done that. But there may still be hope. Once before, a megalomaniac ruler, Queen Catherine de Médicis, tried to compete with the Louvre's sober magnificence. In 1564 she built the Tuileries Palace immediately to the west of the existing main courtyard. It was burned to the ground by a Revolutionary mob in May 1871. The Louvre outlived the Tuileries. Let us hope it will outlast the pyramid.

SCOTT SULLIVAN

Showdown in Afghanistan

The mujahedin focus their attack on Jalalabad—a battle that could determine the course of the war

Conversations were oddly muted last week in the bazaars and tea houses of Kabul. From time to time citizens of the besieged capital of Afghanistan would slip away to listen to the news of the fighting in Jalalabad: on Radio Moscow, the Voice of America, Kabul Radio, the BBC. The reports differed widely, but with the city's loyalties so divided between the government and the mujahedin guerrillas, most people in Kabul remained hesitant to discuss among themselves the most significant battle to date in the nine-year-old Afghan civil war.

Yet the outcome in Jalalabad could easily determine how quickly that war might end. Abandoning the hit-and-run tactics that had driven out the occupying Soviet Army, the mujahedin for the first time concentrated a major portion of their regional manpower, equipment and prestige on a single military target—the third largest city in Afghanistan, 85 miles east of Kabul by the highway (map). The city was a tempting target: swollen with refugees, close to major guerrilla supply dumps. And the stakes for both sides were enormous. Leaders of a seven-party mujahedin alliance hoped that capturing Jalalabad would allow them to install an interim government that could compete with Kabul for international recognition. But failure of the guerrilla offensive could cost the alliance its limited credibility—and increase the odds that the communist government of President Najibullah would hang on in Kabul while the rest of the country plunges into protracted civil war. The danger to the Najibullah government was even greater. The fall of Jalalabad—a crucial



Standstill: An Afghan Air Force bomb strikes near Jalalabad

stronghold on the main road between the Khyber Pass and the capital—might lead to a similar attack on other major cities, including Kabul, and even bring about the long-predicted collapse of the demoralized Afghan Army.

The battle for Jalalabad represented an abrupt change in strategy and tactics by the guerrillas. For nearly a decade their object had been only to survive—and to inflict enough casualties to make the war unacceptable to the Soviets. But beginning on March 5, the mujahedin embarked on a conventional offensive as a first wave of approximately 7,000 guerrillas attacked Jalalabad's defensive perimeters from the east, the south and the north. Aided by surprisingly accurate rockets and artillery, company-size infantry units blasted their way through enemy lines surrounded by extensive mine fields, capturing the heavily defended government garrison at Sa-



Keeping the initiative: An Afghan

markhel and advancing to the outskirts of the Jalalabad airport. By concentrating their forces, however, the rebels made themselves vulnerable to bombing attacks by the Afghan Air Force. A few Afghan pilots overcame their fear of rebel Stinger missiles to fly at low altitudes, from

which they were able to inflict heavy casualties and blunt the mujahedin drive. One guerrilla commander reported that 400 of his men had been killed as the city's defenders managed to consolidate their positions. By late last week, government forces had fought the rebels to at least a temporary standstill just outside the city's main defenses.

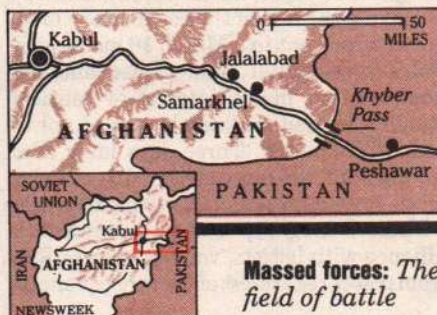
The rebels were also hampered, as usual, by a lack of unity among their seven feuding camps. During the vital engagement at Samarkhel, for example, one guerrilla faction attacked prematurely to prevent another rebel group from sharing in the eventual victory. Unaccustomed to fixed engagements, the rebels succumbed to the kind of tactical blunders that led some 250 mujahedin to charge a well-defended government position at the Jalalabad airport; many were quickly mowed down in a storm of rockets and machine-gun fire. The rebels' lack of



guerrilla looks out for aircraft (above), children at play in a destroyed government tank



AFP



discipline also led to the kind of atrocities their leaders had hoped to avoid. At Samarkhel one Westerner watched as victorious mujahedin massacred two dozen government troops who were attempting to surrender. Elsewhere, according to several rebel sources, one group of mujahedin sprayed automatic rifle fire into a score of Army soldiers who had been captured by a rival guerrilla band.

Such incidents were bound to stiffen the defenders' resistance, and exaggerated accounts of the atrocities were broadcast by government radio in Kabul. Many Afghans recalled a notorious incident at the end of last year in the eastern city of Torkham, where rebels executed 70 surrendering government soldiers, then packed the mutilated bodies into plastic bags and dumped them at a roadside near the Pakistani border.

Many residents of Jalalabad had no reason to believe that they would fare any better. In a single day last week the rebels lobbed some 3,000 rockets into the city; a total of 12,000 had pounded Jalalabad over the past two weeks. "The people in Jalalabad know that if the mujahedin enter the city it will be impossible to establish order, and lives would not be guaranteed," said Naem Majrooh, a respected Afghan analyst in the Pakistani border city of Peshawar. "If people did not have to worry about survival, there would not be resistance there."

The Soviets also waded into the propaganda war, accusing Pakistan of sending its own troops into Afghanistan to fight alongside the rebels. "It looks like the beginning of a Pakistan-Afghanistan war," declared Yuli Vorontsov, the Soviet ambassador to Kabul. In fact, while one Western journalist saw no evidence that Pakistanis had actually crossed the border, he was told by several rebel and foreign sources that the Pakistani secret police, the so-called Directorate of Interservices Intelligence (ISI), had been deeply involved in planning at least the initial stages of the assault. According to one mujahedin commander, ISI chief Hammed Gul had personally delivered battle plans to guerrilla leaders just days before the fighting began. "The Pakistanis are giving [the mujahedin] a lot of advice," said a Western diplomat in the Pakistani capital of Islamabad. "And I'm certain the Soviet advisers who are still in Kabul are advising the regime."

For the moment, at least, the mujahedin seemed to retain the initiative. They had succeeded in cutting off the airport and the major supply road from Kabul. They also had access to supplies of men and matériel across the Pakistani border, just 35 miles from the battlefield. Guerrilla leaders were also considering additional attacks on the towns of Khost and Gardez, southeast of the capital, to dilute the impact of government air power. Perhaps the biggest threat the guerrillas faced was from the Soviet Union. Last week more than 60 giant Ilyushin-76 transport planes flew into Kabul, resuming the Soviet arms shipments that had been halted since Moscow's Feb. 15 withdrawal. Would the Soviets also resume the devastating carpet bombing that preceded their pullout? That could break the back of the rebel offensive. Absent such intervention, the siege of Jalalabad might continue for weeks, prolonging an agony in which estimates of rebel, government and civilian casualties were already expressed in the thousands.

HARRY ANDERSON with
STEVE LE VINE in Samarkhel,
RON MOREAU in Bangkok and bureau reports



CHARLIE COLE—PICTURE GROUP

Who's the moderate now? Kim Dae Jung and Kim Young Sam in friendlier days

Roh Gambles on the Voters

A referendum may again split Korea's opposition

It's time to deliver on the promise. In the desperate days before South Korea's 1987 presidential election, a struggling Roh Tae Woo decided to go for broke. Before more than a million people in Seoul's Yoido Plaza, the ruling party's candidate pledged that, if elected, he would submit to a "national vote of confidence" after the Summer Olympics. The gamble paid off: Roh narrowly defeated his divided opponents, Kim Dae Jung and Kim Young Sam, with 36 percent of the vote. Ever since, the two Kims have savored the prospect of taking on Roh again. Now they'll get their chance. As early as this week Roh is expected to announce a referendum on his year-old administration. The jockeying for position has already begun.

Roh is in a difficult position. As of last week the president reportedly was leaning toward making the vote a low-risk referendum on his policies rather than turning it into an all-out vote of confidence that would put his presidency at stake. But in all likelihood, that distinction would have little meaning. Even Roh's party members are advising him that the vote will effectively be a vote of confidence—and that his administration would be mortally wounded by a poor showing.

Changing roles: If the two Kims are to have any chance, they must keep from beating themselves, as they so often have. The vote will mark the third time in 16 months that Roh and his opponents have faced off in a national election. And for the third time, Kim Dae Jung and Kim Young Sam are

directing most of their attacks at each other. This time there's a twist: it is Kim Dae Jung, the former firebrand of the left, who is playing the role of the conciliatory moderate. Kim went to a March 10 meeting at Roh's presidential Blue House and announced that in the interest of political stability he had tentatively agreed not to seek Roh's ouster. Three days later Kim Young Sam, the more conservative leader of the second-largest opposition party, met with dissident groups and moved toward an alliance with leftists, vowing to force Roh from power regardless of the consequences.



ROBERT—SYGMA

Delivering on his promise: The president

While preparing for the referendum, both Kims also appear to be positioning themselves for the 1992 presidential election. Kim Dae Jung is seeking to shed his radical image, broaden his support beyond Seoul and his native Cholla Province and buy time to lure conservative middle-class voters to his party. "Kim Dae Jung is constructive, Kim Dae Jung is moderate, Kim Dae Jung is responsible," he told *NEWSWEEK* last week. Yet Kim has wavered. After pledging not to call for the president's ouster if he meets certain demands—such as forcing his predecessor, Chun Doo Hwan, to testify before the National Assembly regarding past abuses—Kim refined his position yet again. If the ruling party turns the referendum into a vote of confidence, Kim told *NEWSWEEK*, "We'll have to fight to end the Roh Tae Woo regime." Kim Young Sam appears eager to play for higher stakes: he is targeting both Roh's liabilities and Kim Dae Jung's ambivalence in an effort to force a no-confidence vote and a new presidential election. But he risks losing his own support among the many conservative Koreans who are seeking stability, not confrontation.

Not surprisingly, the opposition wrangling is working to Roh's advantage once again. The respected *Dong-A Ilbo* newspaper last week put Roh's support at 45 percent, with 27 percent of the vote against him in the most recent poll. That showing is all the more impressive considering that Roh has been on the defensive in recent months as investigators probed into the corruption and abuses of Chun's regime.

'Law and order': Roh clearly hopes to convince Korean voters of the virtues of stability. He is also betting that a strong showing will provide a mandate to crack down on the increasing number of violent demonstrations by laborers, farmers and radical students. "In our search for democracy we have become too hot," says Ku Chang Rim, the ruling party spokesman. "We don't want violent democracy, we want democracy within the framework of law and order." In addition, Roh hopes that a good showing in the referendum will allow him to break the current stalemate in Korean government by paving the way for a possible legislative alliance with minor opposition leader Kim Jong Pil.

It's not clear what would happen should Roh do badly or even lose the vote. Resignation or a promise of new elections was never part of his bargain with Korean voters. Fortunately for him, it's unlikely he'll have to face such a dilemma. If the polls are right, Roh should walk away with a narrow victory—but a victory nonetheless. Of course in Korea the unexpected is always possible. And if Roh does falter, Koreans will once again be watching to see if the two Kims can make a lasting peace.

PETER LEYDEN and DAVID BANK in Seoul

Newsweek International

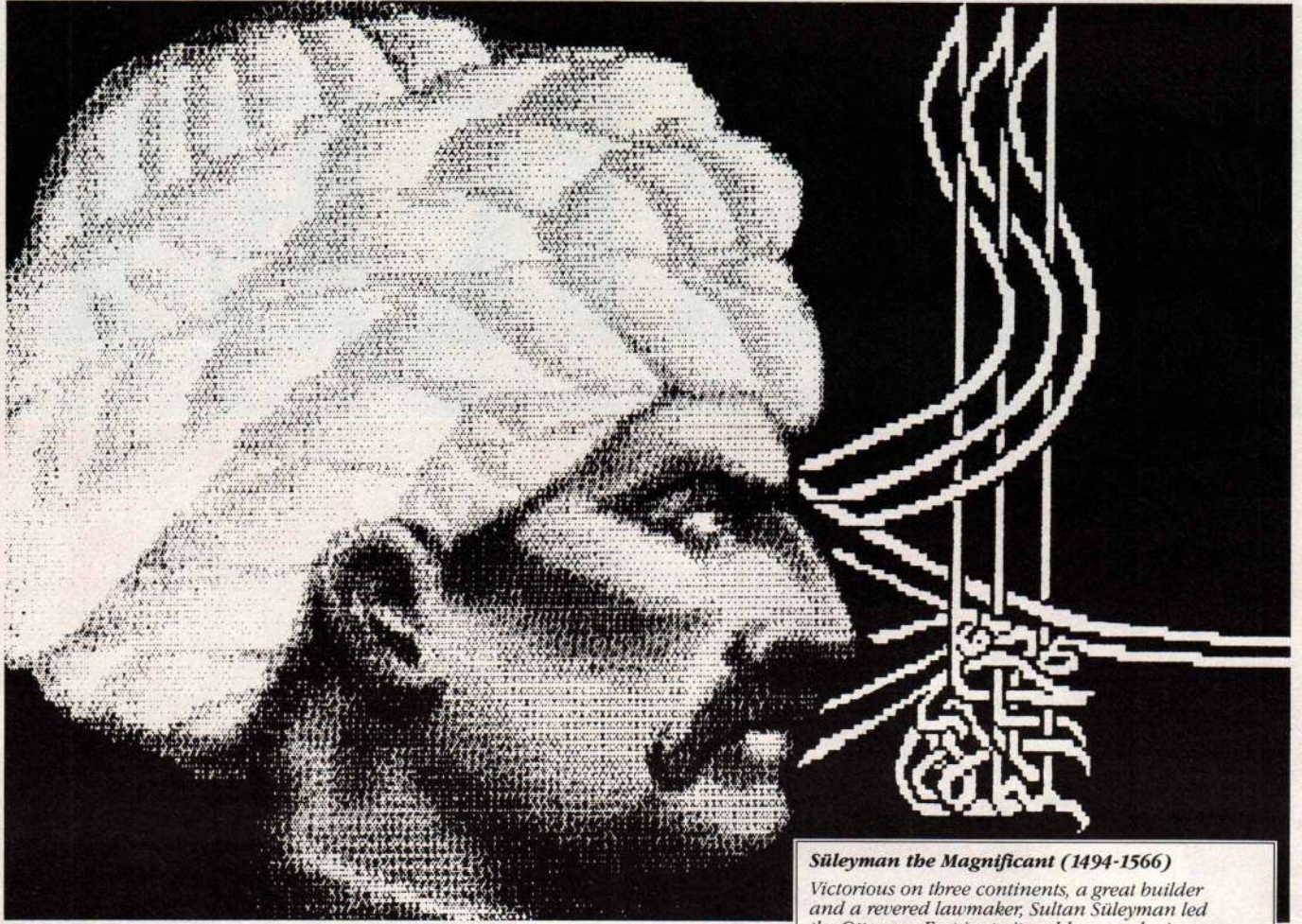
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Bridging East and West

We come from the East," says an old Turkish proverb, "but we go to the West." Today's Turkish Republic, positioned as it is between Asia and Europe, is a natural bridge between those worlds. That fact, more than any other, tells much about Turkey's potential to expand its influence as it goes through a political and economic renaissance.

In recent years Turkey has become increasingly industrialized, has sought new markets abroad and has applied for full membership in the European Community (EC). In so doing, the country is hoping to better itself and its neighbors.

Few nations lately have undergone such rapid change as Turkey, and few have shown more promise. Since the early 1980s, the nation's economy has changed from primarily agricultural to industrial. Turkey has slashed bureaucratic red tape and has begun to dismantle an outmoded system of tariffs and subsidies, establishing some of the world's most liberal incentives to foreign investment. The country's economic planners have shifted their emphasis from discouraging imports to encouraging exports, achieving a phenomenal GNP growth rate of 7.4 percent in 1987.

When Turgut Ozal was elected prime minister in 1983, an elite group of young businessmen and politicians, many of whom were educated in the West, went to work to streamline a cumbersome economy, privatize state enterprises, mend political fences, tend to the human rights problems and manage the repayment of large foreign debts. They also began developing a modern infrastructure of airports, housing, highways, dams, communications systems and thermal and hydroelectric plants.

Their progress has been impressive in almost every area; the one ongoing failure is a debilitating inflation rate. "But when the times get tough," says Adnan Kahveci, a founder of Ozal's Motherland Party, "the Turks get going."

This section was reported and written by Diane Raines Ward, a writer on business and travel, and edited by Karen Polk, a New York-based journalist



Diane Raines Ward

*"When times get tough,
the Turks get going."*

ADNAN KAHVECİ
Minister of State

The successes of Turkey's revived economy are clear. In 1987 alone the country's exports rose by 36.7 percent, imports by 27.5 percent. Foreign investment continued a steady eight-year climb. And in 1988 the number of tourists visiting Turkey jumped by 46 percent to more than four million.

Like Italy and Spain, Turkey offers foreign investors a young and growing market. It boasts 55 million consumers, a competitive labor force and a demo-

cratic government intent on modernizing through free enterprise.

Ibrahim Betil, general manager of the influential Garanti Bankasi, believes that Turkey's economy is one of the most stable in the region: "While countries around us have been affected by the rise and fall of oil prices, we have managed to increase our economic activity. We have the energy and we have the potential. All we need is time to do the things we want to do."

One glance at a modern map demonstrates Turkey's strategic importance with regard to East and West. And the list of the nation's neighbors—including the Soviet Union, which borders Turkey for 300 miles—suggests the degree of diplomacy that has been required in Turkey's recent foreign policy.

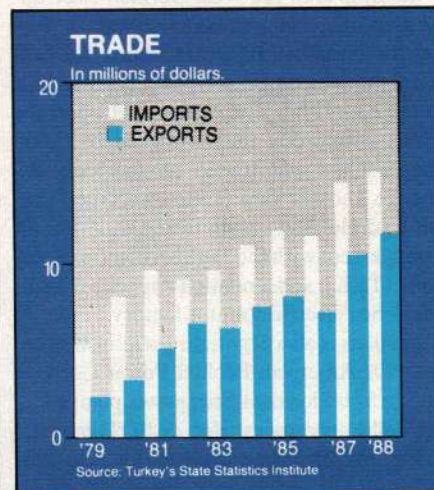
A look at an old map detailing the possessions of the Ottoman Empire is a stunning reminder of how much of that part of the world was once under Turkish rule. Overcoming historically imperial relations with neighbors has been one of the country's priorities.

One way to understand Turkey's current transformation is by studying the nation's great hero, Kemal Ataturk. When Turkey was in a shambles after World War I, Ataturk, a respected military man, held it together by leading the resistance to the Allied occupation of his country. He then led Turkey through the early stages of its metamorphosis into a more modern nation.

He abolished the fez, the veil and the caliphate, changed the Arabic alphabet, declared Turkey a secular state, adopted the Gregorian calendar and a civil code based on Swiss law and gave women equal rights.

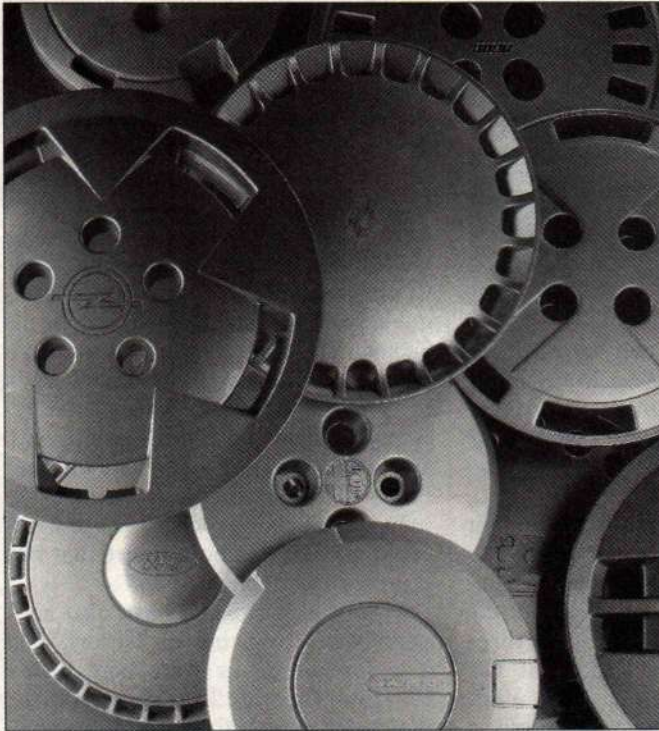
Adds Dr. Nejat Eczacibasi, a prominent Turkish industrialist, "There was nothing then [when Ataturk came along]—no infrastructure, no financing, no know-how. He said, 'Turkey is going to develop by private enterprise.'"

As Turkey embarks on yet another phase in its development, Ataturk's vision is again serving his countrymen. As Eczacibasi says, "If one man could do this, what can we not do?" □



NEWSWEEK/MARCH 27, 1989

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Banking: Meeting the Challenge

Rapid changes are taking place throughout the Turkish economy, but no sector is changing faster than banking. "Turkish banking years are like dog years," says Tekstilbank executive Omer Erginsoy "one year of life to every seven of human life. We have been able to catch up—to set up complete and efficient banking systems much more quickly than would be possible anywhere else."

The role of Turkish banks in a newly industrializing economy is critical, and the banking sector has had to become very sophisticated very quickly. Because of Turkey's recent surge in trade and its efforts to join the European Community, efficient financial services are essential. Since the country is located midway between the financial centers of Tokyo and New York, many bankers feel that it could develop into a strategic financial hub.

"It's a very difficult time but also a great challenge," says Rusdu Saracoglu, governor of the country's Central Bank. "Turkey has improved visibly almost overnight. And the potential is great."

The rate of change in Turkish bank-



Foto Ridvan/Ermetin Akçakır

*"Turkey has improved
visibly almost overnight.
And the potential is great."*

RUSDU SARACOGLU
Governor of the Central Bank

banking, consumer credit cards, financial consulting and leasing. Many Turkish banks have forged links with international banks and boast worldwide information services like Swift and Reuters.

Yapi ve Kredi Bankasi was the first Turkish institution to computerize, to offer 24-hour banking and to issue standard credit cards, becoming part of the VISA network. One of the top three commercial banks in Turkey, it has strong connections both East and West. It is involved with many major projects under way in the country, including construction of the mammoth Ataturk Dam in southeastern Anatolia.

Six bank start-ups were announced in 1987, and two powerful state banks recently merged to form the second largest state bank, Turkiye Emlak Bankasi. But new, smaller banks like Tekstilbank and Turk Ekonomi Bankasi (TEB) have also been able to carve important niches for themselves, usually in trade finance.

Turk Ekonomi Bankasi, a pioneer in merchant banking in Turkey, has further expanded its role in the business sector and is the first Turkish bank to specialize in corporate advice in a wide

range of fields—from mergers and acquisitions to investment in tourism.

One of the ways in which Turkish banks are expanding is by opening branches abroad or establishing joint ventures with foreign partners. Most large Turkish banks now have representative offices or branches in at least one of the following countries: West Germany, England, the Netherlands, Switzerland, the United States and France. The expansion of Turkey's Garanti Bankasi exemplifies the increase in collaboration with European institutions. Garanti has 300 branches in Turkey as well as offices and agencies in Europe and, soon, Moscow and Teheran.

Other Turkish banks have achieved similar successes in their relations with foreign financial institutions. Iktisat Bankasi was the first Turkish institution to buy controlling shares of a foreign bank, the Banque Internationale de Commerce in Paris. Turkey's most profitable bank and the largest bank in the Sabanci Holding group, Akbank, is already in a joint venture with the French bank BNP. BNP-Ak Bankasi has recently doubled its capital by joining with a West German giant, the Dresdner Bank, to form a three-way venture.

In 1987 Akbank registered a post-tax profit of \$128 million, a figure that was expected to double in 1988.

More foreign banks have also been establishing branches in Turkey. Just four foreign banks were here before 1981; now there are 20, ranging from the Banco di Roma (Italy) and Credit Lyonnais (France), to Arap-Turk Bankasi and the Bank of Bahrain and Kuwait.

Americans are here in force, too, with Citibank, The Chase Manhattan Bank and Manufacturers Hanover Trust Co. Chemical Bank is involved in a venture—called the Chemical Mitsui Bank—with Japan's Mitsui Bank and Turkey's Enka Holding.

With such changes going on now, Ibrahim Betil, general manager of Garanti Bankasi, sees even greater potential for Turkish banking on the horizon: "We know how things can turn around very fast in a country like this, and we are very optimistic about the future." □



Garanti Bankasi

Banking: Modernizing at a fast pace

ing accelerated after 1983, when Prime Minister Ozal was elected and began the country's process of reform. In October 1988, in one of the most significant and controversial changes, the government freed banks to set their own interest rates on deposits.

Most banks are now computerized and have added services like 24-hour

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Photos courtesy of Altinyildiz

From manufacturing to sales, Turkey's businessmen are turning out products that are competitive in the global marketplace

World Trade Fuels the Economy

The brand new Istanbul Stock Exchange is a lively place. On the trading floor shoals of brokers rush about, keeping on top of the latest shifts in prices, while spectators watch from behind a railing, their eyes flying from board to television screens and back again, tracking the movements of the market.

A good deal of the excitement can be traced to Turkey's strong trade figures. As recently as 1980, Turkish exports totaled only \$3 billion, nearly two-thirds in agricultural goods. By 1987 exports had risen to more than \$10 billion and were almost 80 percent industrial.

In the first nine months of 1988, exports totaled \$8.1 billion, 19 percent more than the \$6.8 billion total for the same time period in 1987.

"Going global is the big test," says Cem Boyner, president of the executive committee at the Altinyildiz Group of textile companies and new chairman of TUSIAD, the Turkish Industrialists' and Businessmen's Association. "What we produce here should be attractive to international customers. If we do it correctly, with our prices we can do very well."

Unlike other developing countries Turkey has not curbed imports to improve trade deficits. Rather, it has encouraged imports while promoting products for export, making its relations with its trading partners truly two-way. While exports rose a healthy 36.7 percent in 1987, imports grew by 27.5 percent, reaching a high of \$14 billion.

The shift in exports away from commodities to manufactures is important for Turkey's growth because of the add-

ed value of manufactured products. Textiles are now one of Turkey's most competitive—and profitable—exports: their quality is good, and the country's labor costs are competitive.

"Business life is very dynamic," says Omer Dinckok, head of the Akkok Group of textile and chemical companies and former chairman of TUSIAD. "In our companies, every businessman is on top of what's going on in his business."

Dinckok and Cem Boyner are the type of executives with whom foreigners can expect to work. Both are young and have a vitality that has propelled their family businesses into the forefront of textile and ready-to-wear manufacture.

Altinyildiz, a prominent name in woolen manufacture, operates 86 clothing shops in Turkey—48 of them licensed by the Italian company Benetton and opened in just over two years. The firm also manufactures and acts as a retail licensee for European shoe giants Bally and Divarese. Altinyildiz is about to go global with lines of its own design, introducing its fashionable B&M Club shops into Europe, the U.S.S.R. and, finally, the United States and Japan.

Construction also shows great international potential. Turkish companies are perfectly positioned to open markets in Eastern Europe, the Middle East and the Soviet Union. Enka Holding, among the world's 25 largest construction firms, is working in 17 countries from the Soviet Union to Saudi Arabia and registered \$4 billion in contracts in 1987.

Because of their relations with the U.S.S.R., Turkey's construction com-

panies may provide foreign firms with inroads into the Soviet market. "I think that the Soviet Union will be one of our best partners," says Enka founder Sarik Tara, "not only in housing projects or hotels, but in industry, power plants and infrastructure. We know the Eastern European countries well, perhaps better than the Western Europeans do."

On the import side, Turkey is a consumer of crude oil, machinery, electrical equipment, plastics, transport equipment, chemical fertilizers, optical and medical equipment and petroleum products, most of which come from the European Community. Imports of consumer goods alone increased by 22 percent in 1987.

To generate employment and exports and attract technology, the Turkish Parliament established four free-trade zones near port cities on the Aegean and Mediterranean coasts, with good infrastructure; low land, utility and labor costs; and significant tax advantages. There are no corporate, income or value-added taxes, and there is no withholding tax on wages, interest revenues or dividends. Convertible foreign currencies are the medium of payment. Banking and financial activities as well as industries can operate in Turkey free of government fiscal control.

The free-trade zones at Mersin and Antalya are already in place, and two others, to be built in Adana and Izmir entirely by private foreign and domestic joint-venture companies, have been planned. All four zones provide easy access to Europe, the Middle East and the Soviet Union. □

Building the Nation's Infrastructure

Laying the Groundwork for Economic Development

So much new building is going on in Istanbul today that the mayor, Bedrettin Dalan, is fond of referring to his city as "the biggest construction site in the world."

Turkey, unlike many newly industrialized countries, understands that it is crucial to have a complete and efficient infrastructure in place to support economic development. It has poured billions of dollars into this effort.

Just four years ago, only half of Turkey's villages had electricity. Now just a few are without it. Modern highways, dams, hydroelectric and thermal power plants, telecommunications systems, irrigation networks, natural gas pipelines and airports are rapidly replacing aging facilities.

The number of Turkish homes with telephones has more than doubled since 1983. A citywide sewage system now under construction in Istanbul has already helped clean up dramatically the waters of the Golden Horn.

A. Selim Egeli, board member of Turkey's Tekstilbank and former advisor to the prime minister, described conditions prior to the current work: "There was a lack of energy. There were factories, but you couldn't improve or modernize them because sewage systems in the cities didn't exist. We had only three airports. Housing was a big problem. Turkey had to build a new infrastructure very quickly. Otherwise we could not improve."

In charge of financing many of these changes is the Housing, Development and Public Participation Administration (HDPPA). Prime Minister Ozal created this agency to finance housing and investment in infrastructure. Its

budget, about \$3.5 billion, is being used in unique financing programs for some of the country's ambitious construction projects.

Through Turkey's investment bankers, the HDPPA actively solicits foreign and domestic partners to privatize a variety of building projects. In that way the country receives the mon-

costs, eventually turning the finished project back to the government.

This method has been proposed to help build a third bridge across the Bosphorus, a world trade center in Istanbul and a metro system in Ankara. Negotiations for several BOT thermal power plants are under way with foreign consortiums. The Export-Im-

port Bank of the United States has offered to guarantee funding once they become operational, and Turkish authorities have agreed to guarantee financial shortfalls with standby loans.

As Turkey develops, the government is trying to plan its urban centers. Says Minister of State Adnan Kahveci, "In contrast to many industrialized countries, we have the advantage of being a latecomer. We can group modern housing and industry into organized sites. The concept of megaplants or groupings of small manufacturers is being applied now in almost every province in Turkey."

An important project for the government right now is the construction of subsidized housing in and around Turkey's

major cities. Hundreds of thousands of homes have been financed since 1984. By the end of 1988, 320,000 were completed. Kahveci proudly points out that some of the housing is in the form of satellite cities such as Bati-kent, outside Ankara, or factory complexes that include waste treatment plants to create environmentally sound facilities.

Turkey has had to deal with economic, social and environmental issues all at once. But in so doing, it hopes to lay the groundwork essential for development well into the 21st century. □



Turkish Culture and Tourism Office, Washington, D.C.

A solid transportation infrastructure is essential to Turkey's development

ey and expertise to launch a project while the private backer profits from the project's implementation. "I think there are very few countries that have such liberal policies," says Bulent Gul- tekin, a former director of the adminis- tration.

Another financing idea that has attracted a great deal of worldwide attention is the build-operate-transfer system, or BOT, under which major utility projects will be built by private business consortiums, often foreign. A consortium will oversee a project until completion and will receive operating revenues to recover the construction

Welcoming Foreign Investment

Turkey's Liberal Investment Policies Offer Great Opportunities

When Sony contracted with the Turkish Profilo Holding A.S. to build its television sets, the Japanese electronics giant thought it would take a while to begin producing 100,000 units a year. It took just one year. Impressed with the results, Sony requested that Profilo technicians be sent to Iran and Saudi Arabia to oversee its operations there.

This is just one example of the success foreign companies have achieved in Turkey. Between 1980 and 1987, the net inflow of foreign capital was almost nine times greater than in the previous 27 years. By the end of 1988 the cumulative value of permits issued to foreign firms was more than \$3 billion. This sum stood at only \$228 million in 1979.

"These figures indicate the tremendous increase in interest by foreigners to invest here," says Ali Tigrel, head of the State Planning Organization. "Apart from the fact that the investment environment in Turkey is much better, we've been pretty active in negotiating bilateral agreements with a number of countries, providing reciprocal protection and promotion of investments and avoiding double taxation."

The Ozal government has been doing a great deal to stimulate foreign interest—reducing red tape, speeding up application processing and offering investment incentives. "Foreign investment has been given a great deal of importance by the government," Tigrel says. "There has been a lot of improvement in legislation."



Diane Raines Ward

"If there is a mutuality of interest, then the deal is done."

BURHAN KARACAM
President
Yapi ve Kredi Bankasi

In fact, an agency specifically designed to address the needs of foreign investors, the Foreign Investment Department, has been established under the aegis of the State Planning Organization. Turkey's revamped foreign investment laws are probably some of the most liberal in the world, offering virtually the same incentives to a foreign investor as to a Turkish one.

If the country's present high inflation is a deterrent to investing, this is offset by its young and competitive labor force, its proximity to markets in the East and the West and its rapid development. Now that Turkey is applying for full membership in the European Community, many feel this is a good time to gain a foothold in its growing economy.

"It is the time to come to Turkey," says Jak Kamhi of Profilo. "The wages are low here, and we are very, very competitive. Anyone interested in the Soviet market should come now, as well as

those interested in the Middle East."

As of now, foreign capital is heavily concentrated in banking (11.9 percent), chemicals (7.1 percent), food and beverages (7.7 percent), iron and steel (4.7 percent), tourism (12.2 percent), trade (7.3 percent) and motor vehicles (3.5 percent).

But, Kamhi notes, "There are so many possibilities." For years many foreign firms have been enjoying joint ventures with versatile multiproduct conglomerates in Turkey. Even companies that have long done business here, like the German electronics firm AEG, are expanding their influence through cooperative ventures with Turkish concerns. Plans are under way for AEG to take a 20 percent share in the domestic appliance operations of Profilo.

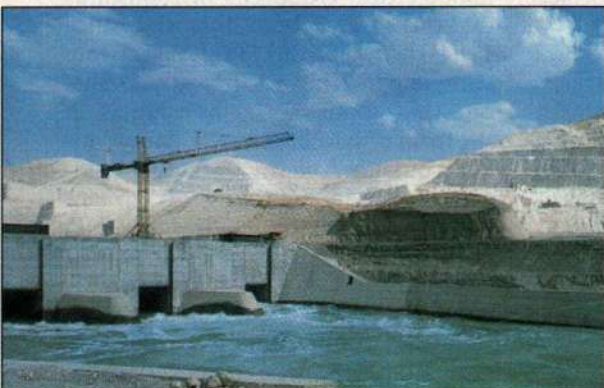
Flexible and highly capable Turkish companies such as Koc Holding A.S., Haci Omer Sabanci Holding and Profilo can be a powerful draw for foreign firms entering a new market.

Koc Holding, Turkey's oldest, largest and best known group of companies, is made up of 116 enterprises involved in partnerships with Fiat, Siemens, General Electric and American Express, to name a few.

"After the war we became interested in joint ventures," says Rahmi Koc, chairman of Koc Holding. "It was mainly America then, because American technology was the most intact. Now we do business with Japan, Europe, America—wherever the deal suits our situation best."

Central Bank governor Rusdu Saracoglu feels that his country offers great opportunities for foreigners. "Turkey is young in contrast with Europe and even Japan, which have aging populations. [Some 50 percent of Turkey's population is under 20.] Production will always take place when you bring capital and labor together."

As Yapi ve Kredi Bankasi president Burhan Karacam puts it, "Some economies have much, some have not enough, but we all need each other. If there is a mutuality of interest, then the deal is done." □



Yapi ve Kredi Bankasi

The Ataturk Dam: Infrastructure development

"The most profound of the many swift changes to the Turkish banking system is that of attitude"

(EUROMONEY, Turkey Supplement, December 1986)

Since then, most observers agree, this "change of attitude" has taken root. And has proved to be not only appropriate but necessary to the changing and sometimes volatile financial climate. Our strategy to concentrate on trade finance and investment banking has enabled us at Tekstilbank to provide the flexible, innovative and specialized banking services regarded now as crucial to major business transactions in and with Turkey.

Representing a diverse range of sectors such as iron and steel, telecommunications, textiles, chemicals and pharmaceuticals, our clients are among Turkey's leading corporations with extensive international trade relations. Our clear understanding of the local environment, our ability to use state-of-the-art banking techniques and to draw support from a world-wide correspondent bank network have been essential to our clients' sophisticated needs.

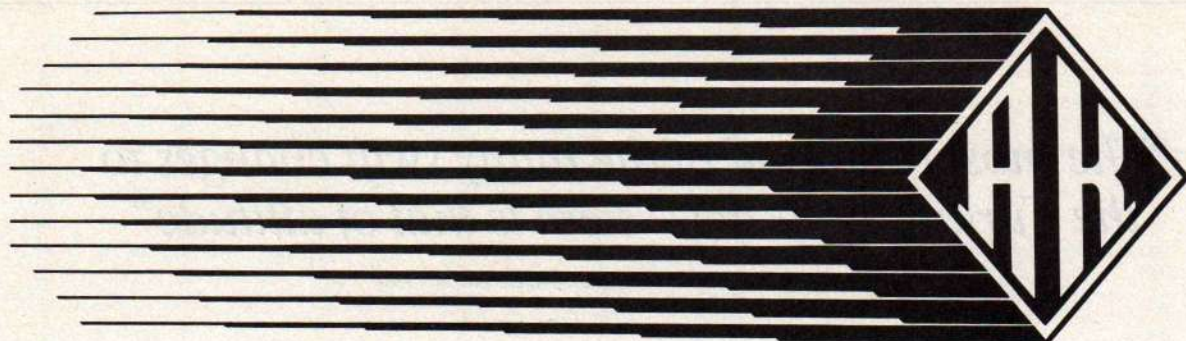
At the same time, our activities in Government Securities, Commercial Paper and Equities and our ongoing commitment to the Government's Privatization Programme have established Tekstilbank in the front ranks of investment banking operations.



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AKBANK'S DYNAMIC PROGRESS

"The most profitable company in Turkey"

Over the years Akbank has been committed to sound growth and the maintenance of high international banking standards. Our consistent policy has been to build up a strong capital base to support the progressive and prudent expansion of our balance sheet.

Recently another milestone was passed with the increase in our Capital from TL 250 billion (US Dollars 137.9 million) to TL 500 billion (US Dollars 275.8 million).

Today Akbank is ranked among the top three banks in the world by return on equity and assets.

Akbank's pioneering spirit manifests itself in new ventures such as the creation of BNP-AK-DRESDNER Bank in cooperation with Banque Nationale de Paris and Dresdner Bank.

Our extensive branch network in Turkey and our representatives in various international financial centres form a continuous chain of unrivalled "Akbank service".

The habit of success makes Akbank the first choice.

ASSETS

**Balance sheet as at
31.12.1988
US\$**

Cash and due from banks	1,049,499,917
Reserve requirements	325,421,001
Treasury bonds	330,206,361
Loans	705,910,716
Overdue loans	1,299,481
Participations	56,353,771
Premises and equipment	94,290,168
Other assets	195,463,927
Total assets	2,758,445,342

LIABILITIES

Deposits	2,030,594,554
Borrowed funds	21,447,545
Other liabilities	251,566,054
Total liabilities	2,303,608,153

STOCKHOLDERS' EQUITY

Capital *	137,891,474
Reserves	148,113,400
Profit (after taxes)	168,832,315
Total stockholders' equity	454,837,189

Total liabilities and stockholders' equity	2,758,445,342
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(Converted at TL. 1813.02 = US\$1)

*Capital has been increased to US\$ 275.8 million as of March 1989

Ak International Bank Limited

- Ak International Bank Ltd. in which Akbank has a major shareholding completed its sixth year as an authorised institution.
- In 1988 the bank recorded a pre tax profit of £ 2.1 million and total shareholders funds of £ 16.4 million.
- In January 1989 paid up capital was raised from £ 10 million to £ 20 million, increasing capital resources

to more than £ 26 million.

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John Harding-General Manager

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AKBANK

Bishops Vs. Born-Agains

A divisive battle in the Philippine church

For 450 years the Roman Catholic Church has held an unshakable grip on religious life in the Philippines. Roughly 85 percent of the population counts itself Catholic, and the church has readily survived the adoption of "liberation theology" by hundreds of priests and nuns and even defections to the communist New People's Army in recent years. Now Philippine Catholicism is being challenged from another quarter. A spate of fundamentalist Christian groups has been recruiting converts at charismatic prayer groups, Bible-study classes and evangelical TV shows—and the established church is feeling the heat. "People in our country have defected to both the communist left and the born-again right," laments Cardinal Jaime Sin, the country's senior Catholic clergyman. "New redeemers have sprung up on all sides."

"Let's admit it," says Bishop Teodoro Bacani, "the so-called born-again groups have become a problem for the church." Catholic officials have not shrunk from confrontation with the new sects, estimated to number about 200. The debate escalated last January when the august Catholic Bishops' Conference of the Philippines fired off a pastoral letter warning the faithful to avoid fundamentalist gatherings. Read before congregations and over the Catholic radio station, the letter de-



PHOTOS BY ANDY HERNANDEZ FOR NEWSWEEK

'Management by miracle': Sin and Aquino at mass

nounced born-again for slighting such Catholic customs as prayers to the Virgin Mary and "veneration of sacred images."

Born-again have battled back by accusing the Roman Catholic Church of hiding behind its considerable political clout. In the imbroglio following the pastoral letter, fundamentalist Eddie Villanueva, head of the Jesus is Lord Fellowship, charged the Catholic clergy with attempting to preserve its "religious empire" by meddling "in the economic and political life of the country." God and government have become closely entwined ever since Cardinal Sin threw the church's influence behind the drive to replace Ferdinand Marcos with Corazon Aquino, a devout Catholic. Her alliance with church officials and her unabashed penchant for prayer during political crises

has prompted some observers to call her administration "management by miracle."

Cardinal Sin has warned his clergy against politicking. Nonetheless, he has not entirely resisted the temptation himself. In recent years the cardinal and his fellow bishops endorsed 10 government-party candidates on TV, fought government birth-control measures and lobbied for a land-reform bill. In past weeks he has warned reform-minded subordinates that "liberation theology" is "a Trojan horse" and that its "spirit and inspiration were Marxian."

Political ambitions: Some Catholics suspect born-again of harboring their own political ambitions. Church leaders hinted in anonymous newspaper interviews that the fundamentalists are backed by "foreign" right-

wing groups such as the CIA. Bishop Francisco Claver, an outspoken church activist, chided the Catholic hierarchy for dwelling on "churchy" matters while ignoring what he suspects is a covert U.S. operation to "counterattack" the church's "liberationist" influence on the countryside by fostering right-wing fundamentalist sects. One Catholic newspaper columnist went further, accusing fundamentalists of circulating comic books that claim "communism was created by the Vatican." This is fairly farfetched. Although some fundamentalist groups are spinoffs of churches led by such conservatives as American evangelist Jerry Falwell and South Korea's Rev. Sun Myung Moon, they almost never broach public-policy issues.

Last week an estimated 3,000 fundamentalists marched on the Philippine Senate to protest a Catholic Church request to lease a government TV station, presumably to enliven their message with the same slick presentation that fundamentalists employ in their own TV shows, magazines and pulp literature. Government consent "would constitute a shameful conspiracy," argued Villanueva, "designed to defeat the very spirit of religious freedom and separation of the church and the state." With or without TV, the Catholic Church seems determined to inject some charisma into its teaching in an effort to cut defections among the faithful. Meanwhile, the hand-clapping revivalist style of the fundamentalists reverberates through more and more homes and chapels. It has all made for one of the liveliest tussles over the spiritual life of Filipinos since the arrival of the first Christian missionaries more than four centuries ago.

RICHARD VOKEY in Manila



'New redeemers': Spreading the fundamentalist Gospel on the streets of Manila



LOUISE GUBB—JB PICTURES

'All good South Africans': The president and his wife, Elize, visiting a black township with the local mayor

Botha Fights Back

The 'Great Crocodile' is under fire from his own party's leaders

An impeccably pin-striped P. W. Botha walked alone into the wood-paneled Great Hall of South Africa's Parliament last week, and, for the first time since the stroke he suffered in mid-January, took the president's chair. From all sides of the house—the liberal and far-right oppositions, even the so-called "Colored" or mixed-race parties brought in for the special annual budget debate—smiling M.P.'s stepped up to offer handshakes. But only the curtest of nods came from the angular man in a shiny gray suit, sitting an arm's length away in the front benches of Botha's own ruling National Party: newly elected NP chief Frederik W. de Klerk, who with a mandate as heir apparent is leading the party of white-minority rule in revolt against its "Great Crocodile."

Last week's Cape Town standoff gave a rare public glimpse into white South Africa's worst political crisis since Botha himself brutally forced out his predecessor John Vorster more than a decade ago. At its root is a growing anger at the 73-year-old president, at his bullying of even senior cabinet ministers and his disdain for the party that put him in pow-

er. The party fears, too, that his autocratic style is inappropriate to the country's increasingly fluid racial politics. When de Klerk took over the NP leadership a month ago, there were hopes that Botha would agree to step down quietly. "They want change, any change, and they want action," said one of the president's longtime colleagues. "Even the most cautious Nats have come to the conclusion that South Africa has had enough of P. W. Botha."

It was Botha himself—his normally acute political judgment perhaps clouded by the stroke—who provided the opening

for rebellion. When he summarily resigned in early February as party leader, he vowed to continue instead as president of "all good South Africans." But within days of de Klerk's election as successor, the new party chief and his allies were implicitly seeking Botha's retirement and calling for faster "moves forward" against racially discriminatory laws. "Time is of the essence," de Klerk said in a speech jeered by far-right hecklers. "Things will have to change drastically."

It was strong language, especially by National Party standards. But outside party circles, the question dogging de Klerk—by reputation the most conservative of the post-Botha leaders—is whether substance will follow style. Before Botha reclaimed power last week—protesting on television that "I originated the concept of reform"—de Klerk and the cabinet had embarked on what some dubbed a "Prague Spring." They released hundreds of political detainees in the face of a spreading prison hunger strike. They approved legislation for officially desegregated "free settlement" areas. They agreed to study a proposed bill of rights that includes free-speech guar-



MILLER-AFRAPIX—IMPACT VISUALS

Breaking the logjam? De Klerk and wife, Marike, in Cape Town

antees and protection from arbitrary arrest. But the fundamental question facing South Africa remained unanswered: whether change will come through black-white negotiation rather than by white ruling-party fiat. Even de Klerk's recent assurances are, as veteran Nic Olivier of the opposition Progressive Federal Party put it, "too vague and unspecified."

Seeking contacts: The test of that could come sooner than expected. Buoyed by the success of U.S.-mediated talks on the war in Angola and Namibian independence, there were new signs last week of a big-power diplomatic initiative—possibly a revival of the ill-fated 1985 Commonwealth Eminent Persons Group, this time with joint superpower backing. Such an effort would be aimed at breaking the black-white political logjam in South Africa itself. Pressed by the West and now even the Soviets to mute their faltering "armed struggle" against white rule, exile leaders of the banned African National Congress are edging toward negotiations. Some politicians close to de Klerk are already quietly seeking contacts with the outlawed black nationalist group. Pretoria could soon be faced with an offer to start "talks about talks" that will be difficult to refuse.

With his back to the wall, Botha himself may have to resort to making a dramatic countermove, such as releasing jailed ANC leader Nelson Mandela. With a year left in office, he can stare de Klerk down, though at the risk of impeachment. "We are offering the guy the opportunity to go as gracefully as possible," a leading de Klerk supporter said last week. "But if necessary, the ax is there." The question was whether de Klerk had what Afrikaners call "steel in his teeth" enough to swing it.

SPENCER REISS in Cape Town



MONA SHARAF—AP

A declaration that enabled everyone to claim moral victory: The foreign ministers in Riyadh

Breaking Ranks on Rushdie

An Islamic conference refuses to back Iran

When Ayatollah Ruhollah Khomeini issued his now infamous death threat against Salman Rushdie, he also tried to hijack the Islamic movement by claiming to speak for the world's 1 billion Muslims. Last week 45 Islamic nations, deeply embarrassed and split by the Rushdie affair, rejected Khomeini's claim. They issued their own verdict on the writer, his novel "The Satanic Verses" and the imam himself. The Indian-born writer, who is still in hiding, was declared an apostate for writing a novel that "transgresses all norms of civility and decency and is a deliberate attempt to malign Islam." Even so, not one country except Iran backed Khomeini's call for Rushdie's murder. In a pointed rebuke to the Iranian imam, Egyptian delegate Amr Moussa said: "We do not

consider a book like this reason for conflict between East and West or between Islam and Christianity."

The case of Rushdie vs. Islam was not on the official agenda of the four-day foreign ministers' meeting held in the Saudi capital of Riyadh, but it dominated conversation among delegates huddled in groups amid the marble halls and potted plants of the conference building. A Saudi-brokered declaration didn't provide full satisfaction to anyone, but it did give all parties enough to claim moral victory. Iran insisted that under Islamic law an apostate (one who abandons his religion) can automatically be sentenced to death in certain circumstances. Iranian delegate Ali Mohammad Taskhiri used this interpretation to declare the ruling "historic" and

Is This Any Way to Treat a Friend?

Egyptian President Hosni Mubarak had been looking forward to a pleasant and productive swing through Europe last week as he sought economic and political support from sympathetic Western nations. Then trouble struck from an unlikely source—Cairo's major ally, the United States. First, Washington withheld \$230 million in aid until Egypt adopted forceful programs to put its chaotic economic house in order.

More damaging, Washington leaked reports that Cairo was trying to improve its ability to produce poison gas. "The new Bush administration should have been more thoughtful," complained the respected Egyptian analyst Tahseen Basheer. "America should deal with Egypt in a way that is supportive and not to appear as if it's flexing its muscles."

In Brussels, Mubarak flatly denied the American charges

on poison gas. Even so, American and Swiss officials believe that Egypt is modifying a plant, which could make poison gas, at the Abu Zaabal military-industrial complex north of Cairo with equipment provided by a Zurich company, Krebs A.G. Switzerland has demanded that Krebs sever its links with the project. Foreign military attaches visited the site recently and told NEWSWEEK they had seen anti-aircraft missiles

around the Abu Zaabal Co. for Speciality Chemicals—an odd feature for a complex Mubarak claims is designed only to produce pharmaceuticals.

In addition, the U.S. Congress has been critical of what it sees as Egypt's foot dragging on economic reforms. Cairo's foreign debt has ballooned to \$43 billion, and it has struggled to repay its debts on time. Mubarak is scheduled to visit George Bush in Washington in May, and the encounter is sure to be more than a courtesy call.

CAROL BERGER in Cairo

obliquely repeat Khomeini's death threat.

The other Islamic nations pointedly disagreed. They insisted that a death sentence could only be imposed after a fair trial, not by decree. During a trip to West Europe during the conference, Egyptian President Hosni Mubarak said, "We in the Arab world do not support the Khomeini decision. We do not support the threat of killing a citizen of another country. This is inhuman behavior in dealing with these errors." The conference did urge all nations to ban publication of the book and vowed to boycott offending publishing houses. The final statement insisted that "blasphemy cannot be justified on the basis of freedom of thought or expression." But Saudi Foreign Minister Prince Saud al Faisal's call for Muslim nations to foster a "spirit of harmony between all world civilizations and countries" seemed more in tune with the delegates' view.

Everyone seemed to agree that "The Satanic Verses" blasphemed Islam and that Rushdie should be punished in some way short of execution. The majority of foreign ministers emphasized, however, that their governments were not prepared to follow Khomeini's lead nor to risk their diplomatic and economic ties with the West over the issue. This offered little comfort to Salman Rushdie, who remains a target for any fanatic eager to carry out the ayatollah's death sentence. The words from Riyadh last week did nothing to change that fact.

DONNA FENN in Riyadh and
RAY WILKINSON in Cairo



REUTERS/BETTMANN NEWSPHOTOS

Still a target: A demonstration in Paris



CHRIS VAIL—REUTERS

A difficult if necessary decision? The released prisoners rejoining at a religious service

Offering an Olive Sprig

The Sandinistas free former National Guardsmen

Ever since the five-nation summit in El Salvador last month, which produced agreement on a new framework for peace in Central America, the Nicaraguan government has been on its best behavior. Last week, for instance, Sandinista officials announced that the opposition Roman Catholic radio station in Managua would be allowed to reopen and that 10 conservative priests, who were expelled from the country, could return soon. Then, on Friday, the Sandinistas took their most dramatic step yet: in keeping with terms of the Salvadoran accord, the government released 1,894 imprisoned former members of the National Guard.

The decision to free the guardsmen, who are still reviled in Nicaragua as symbols of the brutality that marked the rule of Anastasio Somoza Debayle, could not have been easy. But it was probably necessary. The Nicaraguan economy has all but collapsed, leaving the government with little choice but to push for reconciliation at home and abroad in the hopes of easing the misery. All the same, it still made clear that there are limits to the Sandinistas' willingness to compromise. Officials have flatly rejected opposition demands for the renewal of a "national dialogue," with its hints of power-sharing, and they have dismissed outright the possibility of any changes in the Nicaraguan Constitution. Such concessions are not required under the Salvadoran accord, and the Sandinistas appear to be signaling their intention to honor the letter of the pact—but no more.

As if to reinforce that point, just after the prisoner release President Daniel Ortega

delivered a speech on proposed reforms to the country's media and election laws. Instead of the far-reaching changes the opposition had been hoping for, Ortega offered only vague assurances of improvement. "There was a lot of music, but no opera," complained Roger Guevara, the head of the so-called Democratic Coordinator, the nation's main opposition umbrella group. "There is a lot of propaganda which is mainly aimed at making the international community just content enough to loosen up international credits."

Even so, there was no denying the significance of the amnesty. Many Nicaraguans, as well as some foreign human-rights groups, criticized the propriety of releasing the guardsmen, some of whom had been implicated in murder and torture during the Somoza era. Now that they are free, it is difficult to say what will happen when they re-enter society. Roughly 1,000 of the former inmates cooperated with the government during their terms by working on farms or in factories; most of them are expected to stay in the country. The rest will probably try to immigrate to the United States. As the peace process goes forward, Washington itself will have some important decisions to make. Under the terms of the Salvadoran pact the five nations must agree by May on a plan to disarm and disband the contras based in Honduras. By latest reports, the Bush administration intends to ask Congress for \$50 million in new nonlethal aid for the contras, meaning that, for all the progress, the debate over Central America is far from over.

BILL HEWITT with ROBERT COLLIER in Managua

Dogging It in Alaska

You'd think that mushing across more than 1,000 miles of Alaskan tundra would have made Joe Runyan, 40, too tired to worry. But as his 12 sled dogs pulled him toward victory last week in the annual Iditarod race, "I had 15 nervous breakdowns," Runyan said. It took him 11 days, 5 hours, 24 minutes and 34 seconds to go from Anchorage to Nome—64 minutes and 16 seconds ahead of Susan Butcher, who had won the past three years. Men in Nome celebrated with a banner that read, IDITAROD '89—THE YEAR MEN ARE BACK ON TOP.



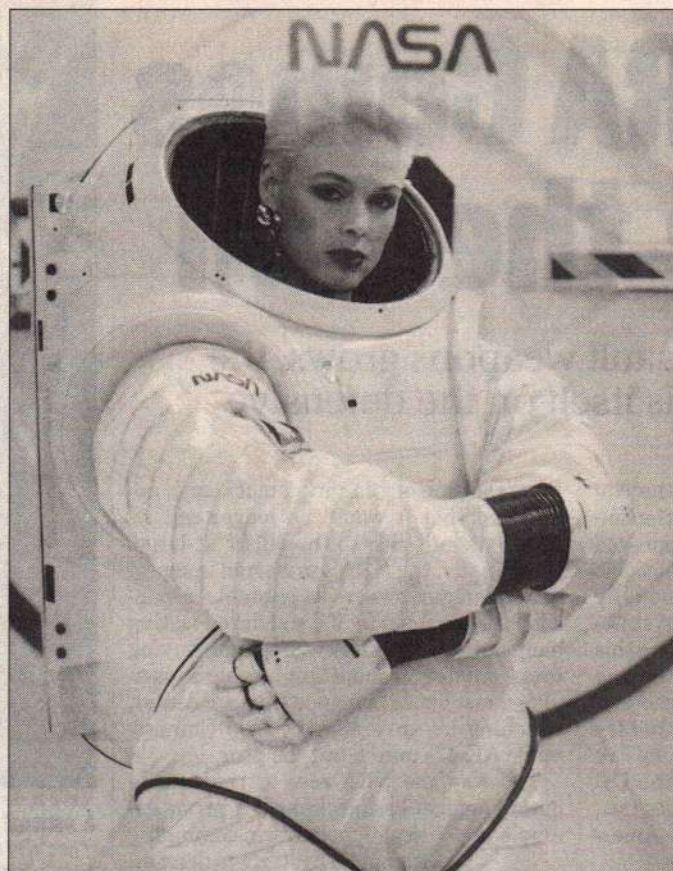
STAPLETON—AP

Mush: Runyan, daughter, dog

Labor News

It was a quiet evening at home—just the Bushes and a few friends screening "New York Stories"—until springer spaniel Millie went into labor at 9:15 Friday night. By the time it was over there were six new presidential pups—five females and a male. Mrs. Bush assisted in the delivery. Departing guests called the president "Grandpa."

RON GIVENS



SVEN ARNSTEIN—CBS

What every well-dressed NASA agent will be wearing this spring: Nielsen

Bang! Zoom! To the Moon!

Who says that clothes don't make the woman? Certainly not Brigitte Nielsen. She knows the importance of high fashion in outer space. For her role as a NASA agent investigating a lunar killing in CBS's telefilm "Murder by Moon-

light," she carefully coordinated the color of her hair with that of her life-support system. Underneath that oversize suit she's dressed to thrill in a blazing red dress—perfect for a cocktail party that's out of this world.

TRANSITION

DIED: John J. McCloy, 93; in Stamford, Conn., March 11. McCloy, who advised presidents from Roosevelt to Reagan, was known as the "unofficial chairman of the establishment." A lawyer by trade, he entered government as assistant secretary of war in 1941. In that post he helped obtain congressional approval for lend-lease; he was also involved in the program to intern Japanese-Americans. Between interludes in law and business he served as president of the World Bank (1947-49) and chairman of the Ford Foundation (1958-65). His most visible posting was as U.S. high commissioner for Germany (1949-52). In 1961 he was John F. Kennedy's chief disarmament adviser. His one regret, he said toward the end of his life, was the slow pace of arms control.

Actor **Maurice Evans**, 87; in Rottingdean, England, March 12. One of the most successful Shakespearean actors working in England and the United States in the 1930s and '40s, he brought a triumphant, full-length "Hamlet" to Broadway in 1938. He may be best remembered by Americans, however, for portraying Elizabeth Montgomery's warlock father on the TV series "Bewitched."

Author **Edward Abbey**, 62; of a circulatory disorder, in Oracle, Ariz., March 14. His love of the wilderness and support for the environment were expressed in such works as his best-selling 1975 novel "The Monkey Wrench Gang."

Builder **Stephen Bechtel**, 88; in San Francisco, March 14. He headed the Bechtel Corp., one of the world's largest construction companies, from 1935 to 1960. During his tenure, the company completed construction on the Hoover Dam and built the San Francisco-Oakland Bay Bridge, the first commercial nuclear power plant and the Saudi Arabian city of Jubail.



DAVID VALDEZ—THE WHITE HOUSE

The First Litter: Mrs. Bush and granddaughter with Millie and pups

The NRA Comes Under the Gun

As opposition to assault weapons grows, the powerful lobby finds itself on the defensive

It was not a banner week for the National Rifle Association. First, the California Assembly narrowly approved a bill prohibiting the sale of 40 specific assault rifles, an action that virtually ensures the passage of some sort of statewide restriction on paramilitary guns this year. Second, the Bush administration and the U.S. Bureau of Alcohol, Tobacco and Firearms (BATF) announced a temporary ban on assault guns imported from five foreign manufacturers, including the Uzi and the AK-47. Third, Colt Industries Inc., whose name is synonymous with the Amer-

ican tradition of gun-toting machismo, announced that it would no longer sell its AR-15 assault rifle to the public at large. And, finally, the NRA's preferred image of American gun owners as prudent, responsible sportsmen may have suffered lasting damage when an orgy of panic buying broke out at gun shops from coast to coast. "It's a fast buck," said one Chicago dealer, watching his inventory of \$700 Chinese-made AK-47s march out the door.

The way the NRA sees it, the sudden outcry against assault guns is a prime example of political opportunism combining with public hysteria to deny all Americans their constitutional right to own firearms. Whether Jefferson and Madison would have extended constitutional protections to Uzis and AK-47s can only be a matter of conjecture. But the NRA argues that any ban on assault weapons is an encroachment on individual liberties. Watch out, America, the NRA warns, hunting rifles are next. "The whole thing is a farce and the general public better wake up," says Marion Hammer, a spokesperson for the NRA's Florida branch. "This has nothing to do with assault weapons—they want to ban *all* semiautomatics." And what about the AK-47 schoolyard massacre—five kids dead, 29 wounded—last January in Stockton, Calif.? "Our government has reacted to panic, and that is very foolish," says J. D. Sayers, a Pasadena, Texas, gun-shop owner. "They're going to pass a law against AK-47s because some idiot shot up a bunch of schoolkids when he could have done the same thing with a machete."

But the mood within the NRA's slate-gray headquarters building in downtown Wash-



STEVE STARR—PICTURE GROUP

A national craze for paramilitary rifles: Test-firing a confiscated AK-47, the NRA's LaPierre (right), Boston cop with an Uzi seized in a drug raid

ington is calm. After all, the NRA is a multi-million-dollar organization with all the latest computer technology for drumming up grass-roots support and a well-earned reputation for punishing politicians who stray toward gun control. "We understand that the media hysteria and the public misinformation... have generated an unprecedented amount of pressure," James Jay Baker, the NRA's chief congressional lobbyist, says smoothly. "[But] I think the reports of our demise are premature." Baker says the NRA is not "disappointed" by George Bush, although Bush, an NRA life member, agreed to drug czar William Bennett's suggestion for the ban on imports. (Angry NRA members have been calling the czar's office all week—and while Bennett "isn't picking a fight" with the NRA, an aide says "he isn't afraid of one, either.") As for the setbacks like the California bill, Baker is confident the tide will turn "when the facts regarding these legislative proposals are known to the 70 million gun owners across the country."

Playing Rambo: There is nevertheless an unmistakable sense—in Washington, in Sacramento and elsewhere around the country—that the NRA has finally been weakened, perhaps decisively. Public support for restrictions on the sale of assault

Playing With Firepower

Semiautomatic rifles range from military weapons to guns used for hunting. Some models:



Poly Tech AK-47/S
\$579.95

Assault Rifle (Banned): A Chinese-made replica of the gun used by the Viet Cong in the Vietnam War; can fire up to 75 shots without reloading.



Springfield Army
SAR-48 Bush
\$899

Assault Rifle (Legal): U.S.-manufactured assault rifle with a fiber-glass stock; equipped with a 20-shot magazine.



Remington 7400
\$440

Hunting Rifle (Legal): Latest version of a popular semiautomatic big-game rifle; has a four-shot magazine.

SOURCE: GUN DIGEST ILLUSTRATIONS BY BLUMRICH—NEWSWEEK



WALLY McNAMEE—NEWSWEEK



IRA WYMAN FOR NEWSWEEK

weapons (poll) is strong, partly in reaction to the Stockton schoolyard killings. Key legislators in Sacramento say the Stockton massacre clearly undercut the national NRA's insistence that military-style weapons should continue to be widely and freely available to any misfit with a penchant for playing Rambo. In Florida, where gun-control laws are notoriously lax, former FBI agent John Hanlon Jr. says the NRA is looking for "a Utopia where all the nuts and criminals are in jail" and only law-abiding citizens have guns. "It's not going to happen," Hanlon says, and he should know. On April 11, 1986, Hanlon was part of an FBI team that was caught in a fire-fight with two bank robbers, one armed with a Ruger Mini-14, a .223-caliber semi-automatic rifle that is usually regarded as less powerful than an Uzi or an AK-47. Two agents were killed and five, including Han-

lon, were wounded before the bank robber went down. "I can only hope the tide is turning against the NRA," Hanlon says. "Law enforcement is eventually going to lose the domestic arms race."

The NRA's law-and-order rhetoric—and backing of the nation's cops—are critical components of the organization's vaunted political clout. But the NRA's inflexible opposition to even the most rudimentary restrictions on weapons sales has gradually eroded support among police. In 1985 and 1986, for example, the NRA offended many sympathizers by openly supporting the continued sale of Teflon-coated "cop-killer" bullets, which are designed to pierce protective vests worn by many patrolmen. When it became obvious the bill would pass anyway, the NRA changed its tune—just as it has now reluctantly endorsed the concept of instant background checks to screen

Do you favor or oppose a permanent ban on the sale of semiautomatic assault-type rifles?

72% Favor ban
21% Oppose ban

out known criminals and mental cases from would-be gun buyers. Last year the NRA won a congressional battle over the "Brady amendment," which would have imposed a seven-day waiting period on all handgun sales nationwide to allow local police to make such background checks. The vote, however, revealed some defections among longtime NRA supporters in the House, leading gun-control activists to claim that the "myth" of NRA invincibility had been "shattered."

The truth is more complicated than that. Although the NRA lost a decisive battle over Saturday-night specials in Maryland last fall, and though cities like Los Angeles and Cleveland have now banned both possession and sale of assault rifles, the organization remains potent. One current NRA strategy is to push state laws to "pre-empt" local ordinances restricting gun ownership; presumably, state legislatures are more susceptible to NRA pressure than frightened city-council members. The current enthusiasm for a crackdown on assault rifles, moreover, poses a complex issue that may favor the

For this NEWSWEEK Poll, The Gallup Organization interviewed a national sample of 756 adults by telephone March 16-17. The margin of error is plus or minus 4 percentage points. Some "Don't know" and other answers omitted. The NEWSWEEK Poll © 1989 by NEWSWEEK, Inc.

NRA's traditional gambit of mobilizing sportsmen to defend their hunting rifles. As NRA executive Wayne LaPierre admitted last week, assault weapons are inappropriate for hunting. Technically, however, assault guns are not much different from popular hunting rifles like the Remington 7400 (chart). Both are semiautomatics, which means that a separate trigger pull is required for each shot (fully automatic weapons are legal only for police and licensed collectors). While assault rifles typically have a shorter barrel and a larger magazine, the main difference between an AK-47 and a semiautomatic hunting rifle is the fact that the AK looks very lethal.

But the craze for paramilitary weapons scares the daylights out of police and the public alike, and it has now led both Ronald Reagan and George Bush to question the guns' continued legality. Uzis, AK's and AR-15s have become the weapons of choice among drug dealers, and some, like the AR-15, are readily converted to full automatic fire. Meanwhile, the number of such guns in circulation has simply exploded over the past three or four years. According to Stephen Higgins, the director of the BATF, the total number of assault rifles now in private hands in the United States may be as high as 1 million. Imports of the AK-47 alone jumped from 4,000 in 1986 to 44,000 last year; all told, the ban announced by the BATF last week blocked the pending importation of 113,000 weapons.

'Street Sweeper': Higgins says the BATF acted because of "the close tie between violence and guns and violence and drugs," and he thinks some federal legislation is now "inevitable." The NRA, of course, thinks otherwise, and it is already working hard to prevent the extension of the BATF's selective import ban to other offshore manufacturers. Even without the NRA's help, however, there is plenty of evidence that the arms industry is adept at sidestepping current law. The case of the Striker, a South African-made semiautomatic shotgun, is a depressing example. The Striker is capable of firing 12 rounds in three seconds—a truly murderous weapon that has no appropriate sport use. The BATF banned imports of the Striker in 1986, but the gun is now manufactured in the United States—and sold, perfectly legally, under the trade name "Street Sweeper."

The issue facing Congress and the Bush administration is whether the NRA's longstanding choke hold on gun-control legislation can be broken—and if so, just what new laws are necessary. The issue for the NRA is just as difficult. Where do the rights of gun owners end and the needs of prudent law enforcement begin? More precisely, who really needs an AK-47, and why?

RICHARD SANDZA in Washington with
MICHAEL A. LERNER in Los Angeles,
DAVID L. GONZALEZ in Miami and bureau reports

The Kissinger Clique

What is his firm peddling, and how influential is it?



JOHN DURICKA—AP

Back through the revolving door: Eagleburger gave his word—and a list of the clients

In Congress, hardly anybody doesn't like Larry Eagleburger. But over the years, Henry Kissinger has made a few enemies—which helps explain why Eagleburger's nomination as deputy secretary of State, on its way to an easy slide through the Senate, stirred up a mini-tempest about conflicting interests last week. Eagleburger had previously left the State Department to become president of Kissinger Associates, Inc., getting paid some \$700,000 last year alone for advising high-powered business clients. But he refused to say publicly what he had told them or even who all the clients were. What are Kissinger and his colleagues up to?

Nobody has accused Kissinger of peddling any national secrets. What he sells is

tangible and intangible benefits: informed judgment on international affairs; advice on specific problems; access to powerful world figures, and the sheer glamour of hobnobbing with Henry Kissinger. For annual fees that are reported to start at \$100,000 and rise to \$450,000 or more, clients get oral briefings, telephone access to Kissinger and associates (who have also included Brent Scowcroft, now returned to official duties as national-security adviser), and as many as four annual talks with the oracle. With some 30 clients, from Volvo and Montedison to Coca-Cola and Union Carbide, the operation almost surely grosses more than \$6 million a year.

Is Kissinger worth his fat fees? Skeptics doubt that he can tell his clients much more than he writes in articles, discusses in dozens of speeches a year and doles out in gravelly TV commentary. Yet as even a rival consultant concedes, if a chief executive isn't well versed in world affairs, Kissinger's detailed analysis and advice may be "a lot of B.S., but it can be very valuable B.S." And executives who are willing to discuss Kissinger's role sing his praises unreservedly. "There are few people, if any, as good as Henry Kissinger in providing perspective and input," says American Express chairman James D. Robinson III.

Since Kissinger founded the firm in 1982, the consulting trade has evolved from political risk analysis to deal increasingly with such issues as protectionism and currency movements. Kissinger Associates



MARK DUNCAN—AP

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"Impressed?"

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"So were we. When are you back?"

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"He must have begun to have his doubts about me."

"Who wouldn't after six dry holes!"

"I knew it was there. But I want to hear it from you. It's pumping how many barrels a day?"

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Month	Period	CONGRESSES AND EVENTS IN 2ND HALF OF 1989	Estimated Attendance	City
July	24 to 27	1989 SBMO International Microwave Symposium	600	São Paulo
	31 to 04 August	Statphys 17 - International Conference on Thermodynamics and Statistical Mechanics	1,200	R. Janeiro
August	06 to 11	XIII Federative International Congress of Anatomy	4,000	R. Janeiro
	13 to 18	Twelfth International Conference on Soil Mechanics and Foundation Engineering - XII ICSMFE	2,000	R. Janeiro
September	10 to 15	43rd Congress of the International Fiscal Association	2,500	R. Janeiro
	17 to 23	XVIIth International Congress of Rheumatology - ILAR'89	9,000	R. Janeiro
October	10 to 14	VIII International Forum of Psychoanalysis	2,000	R. Janeiro
	12 to 22	XX International Society of Sugar Cane Technologists Congress	1,800	São Paulo
	15 to 21	XIV International Hydatidology Congress and I International Zoonoses Congress	1,500	P. Alegre
	22 to 25	16th ISBC Brasil'89 - 16th International Small Business Congress	1,000	São Paulo
	22 to 28	XXXII International Apiculture Congress of Apimondia	4,000	R. Janeiro
November	20 to 24	Expoship Riomar 89 - International Maritime Exhibition and Conference	500	R. Janeiro

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also offers aid for specific problems. The firm helped Arco negotiate a deal with China to market oil discovered there, and paved the way for Nippon Life Insurance Co. to buy a 13 percent stake in American Express's securities subsidiary, Shearson Lehman. Sometimes such a specific assignment paves the way for a broader relationship. Kissinger first got involved with the privately owned Hunt Oil Co. of Dallas when the government of the Yemen Arab Republic discovered that Hunt had outbargained it on a contract, and insisted on renegotiating. Hunt vice president James Oberwetter won't discuss what happened next. But he says Kissinger Associates has helped a lot since then: "We don't have the international links the big guys have."

Powerful friends: Kissinger's access is legendary. At its best, insiders say, the firm provides guidance to how things really work in Washington and a plan for maneuvering in the system—with somebody else to do the lobbying. But Kissinger also has a network of powerful friends around the world. (He was traveling last week and couldn't be reached for this article.) He bristles at the idea that he is a mere door-opener, but he has also conceded that long-term clients get access to his friends as part of the continuing relationship. Anthony J.F. O'Reilly, chief executive officer of H.J. Heinz, has said Kissinger got him in to see heads of state including Félix Houphouët-Boigny of the Ivory Coast, Robert Mugabe of Zimbabwe and Turgut Özal of Turkey.

For at least some clients, however, Kissinger's star quality is the main attraction. It's obviously pleasant and reassuring for businessmen to bask in that glow, but there can also be tangible benefits: Shearson Lehman uses Kissinger's speeches as a drawing card to lure clients of its own. And when all else fails, his prestige can help insulate a chief executive whose directors think some round of civil strife or devaluation should have been foreseen.

For the Senate Foreign Relations Committee, none of this posed enough potential conflict of interest to keep Eagleburger from coming back. Eagleburger gave the committee a dossier of the 15 clients he had worked with closely, and provided a still-confidential list of the firm's other customers to State. The panel accepted his assurances that he would stay out of policy decisions involving former clients. To some senators, that was a troubling contrast to John Tower's treatment when his nomination as defense secretary was being denied. But by 19 to 0, the panel decided that Eagleburger was an honorable man. Then the full Senate agreed. If that wasn't exactly a ringing endorsement of Kissinger Associates, it wasn't likely to hurt business either.

MARGARET GARRARD WARNER,
JOHN BARRY and DOUGLAS
WALLER in Washington
and CAROLYN FRIDAY in New York



BOB DAEMMRICH

A patriotic dissenter doing his duty: Whitson, in Texas, finally quit the Air Force

Shielding the Whistle-Blowers

Bush's first bill offers stronger protections

Joe Whitson thought he was doing his duty when he testified at a 1984 court-martial on behalf of two sergeants accused of smoking marijuana. As chief of quality control at an Air Force drug-screening lab in Texas, Whitson pronounced his lab's procedures so sloppy that the evidence was useless. The charges were dropped. But when Whitson returned from the hearing, his superior told him he'd been reassigned with no duties to a basement office. Whitson turned to the Office of Special Counsel (OSC), a federal agency that is supposed to protect government whistle-blowers against retaliation. He didn't get much help. Three times he arranged, at OSC's request, for witnesses to meet with an OSC investigator; three times, Whitson said, the investigator failed to show. After struggling for two years to get his job back, Whitson finally quit the Air Force.

Now Congress is offering whistle-blowers like Whitson some help. A protection measure that unanimously passed the Senate last week is likely to become the first bill George Bush signs into law. The bill boosts OSC's powers—and compels OSC to respond more quickly when whistle-blowers complain of harassment. That's good news to whistle-blowers, who are so frustrated with OSC indifference that they've dubbed it the "Other Side's Counsel."

Under fire: OSC's troubles aren't new; the office has been under fire almost since its creation in 1978. After Ronald Reagan slashed its budget, morale fell so low that special counsel William O'Connor advised whistle-blowers, "Don't put your head up because it will get blown off." OSC's record is better under the current special counsel, Mary Wieseman. But OSC still hasn't liti-

gated to win a whistle-blower's job back since 1979. Wieseman prefers to settle with the federal agencies; this informal method reinstated 13 people last year. Tom Devine, of the Government Accountability Project, disagrees. "How many lawyers are so good that they've never found it necessary in 10 years to go to court?" he asks.

Whistle-blowers routinely complain that OSC fails to focus on their cases. They also say the OSC doesn't contact crucial witnesses. The most serious charge is that the OSC finks on people it should protect. Elaine Mittleman was fired from the Treasury Department after charging that Chrysler kept poor records on its government bailout. In 1982 the OSC rejected her case. When Mittleman later sought a job with the Commerce Department, an OSC staffer told government investigators not to hire her. The new law would bar most such disclosures.

Why does OSC make it so hard for government whistle-blowers to fight attempts to muzzle them? Largely because their legal rights are so narrowly defined. In 1985 the Government Accounting Office examined 76 OSC whistle-blower cases and backed up OSC in every instance. Far from demonstrating OSC's effectiveness, the GAO study really revealed how paltry federal protections are for whistle-blowers. Under current law, the burden of proof that a federal employee has been punished for exposing government waste or fraud lies with the whistle-blower. The new law would shift that burden back somewhat toward the employer, giving OSC a new chance. But if the latest attempt to protect patriotic dissenters works no better than the last, maybe Congress should blow the whistle on the agency itself.

TIMOTHY NOAH in Washington

Scandal in Switzerland

Drug dealers are adroitly manipulating the banking world

Ever so slowly, like Pandora peering into her box of human afflictions, probes of money-laundering by international drug traffickers have cracked open the secretive world of Swiss banking. High-level cooperation between Washington and Bern, and painstaking legwork by police and prosecutors from Los Angeles to Lugano have broken up multimillion-dollar narcotics operations and revealed how adroitly drug dealers have manipulated the arcane Swiss banking laws. But in the process, several of the "connections" exposed by investigators are beginning to embarrass both countries. "In this curious demimonde," said one American official, it seems "everybody eventually does business with everybody."

One of the first casualties was Swiss Justice Minister Elisabeth Kopp. Ironically enough, Kopp had played a key role building cooperation with the Americans and opening doors for the investigators. She was forced from office when one of the key investigations touched on her husband's business interests, and she allegedly breached official rules of secrecy trying to protect him.

Kopp was not alone in disgrace. Two weeks ago Rudolf Gerber, who had served for 16 years as Switzerland's chief federal prosecutor and head of its secret service, was ousted amid charges by a special investigator that he had failed to follow up leads about Elisabeth Kopp's alleged breaches of official secrecy or investigated sufficiently the activities of Zurich's Lebanese-linked money laundries.

American agencies have also turned up with embarrassing connections. Last month American and Swiss officials said that between 1981 and 1988 the U.S. government (in fact, it was the Central Intelligence Agency) had purchased foreign currency from Shakarchi Trading A.G. of Zurich, including \$25 million primarily intended to help the Afghan mujahedin. U.S. officials denied any knowledge of Shakarchi Trading's alleged drug links while the CIA was a client. But it looked a lot like money laundering, with Uncle Sam buying the wash.

According to U.S. investigators Shakar-



PHOTOS BY KEYSTONE

One of the first casualties: Justice Minister Kopp after resigning her post

chi Trading is at the center of the web of connections traced by police and prosecutors. Unlike most modern banks, it specializes in dealing with large quantities of cash and gold. Its Lebanese owner, Mohamed Shakarchi, has said it handles cash volumes that exceed \$25 million "on a good day" and around \$100 million on an exceptional one. According to U.S. investigators, last week a suspect Shakarchi Trading bank account in New York was frozen.

Shakarchi Trading's clients tend to come from the Middle East. Two of them, the brothers Barkev and Jean Magharian, were jailed in Switzerland last summer, accused of violating Swiss drug and forgery laws. This month, the Magharians were indicted in the United States on drug money-laundering charges. Hans Kopp, the ex-justice minister's husband, was a director and vice president of Shakarchi Trading—until he learned it was under investigation.

Shakarchi himself declined to comment on any current aspect of his business or the

allegations. But in a February interview with a Swiss paper he denied breaking any laws. That may well be the truth; there are no Swiss laws against money-laundering, as such, and no legal charges have been brought against Shakarchi.

Pizza parlor: The investigators' path began at a Philadelphia pizza parlor. In 1983 police learned it was a front for the heroin trade. The parlor was part of a chain, the chain part of a network, and "the Pizza Connection" cases led to the arrests of scores of mafiosi in the United States and Italy. A central part of that network was the laboratory in Palermo, Sicily. The morphine base to be refined into heroin came from Turkey. The connection, U.S. officials say: Yasar Musullulu.

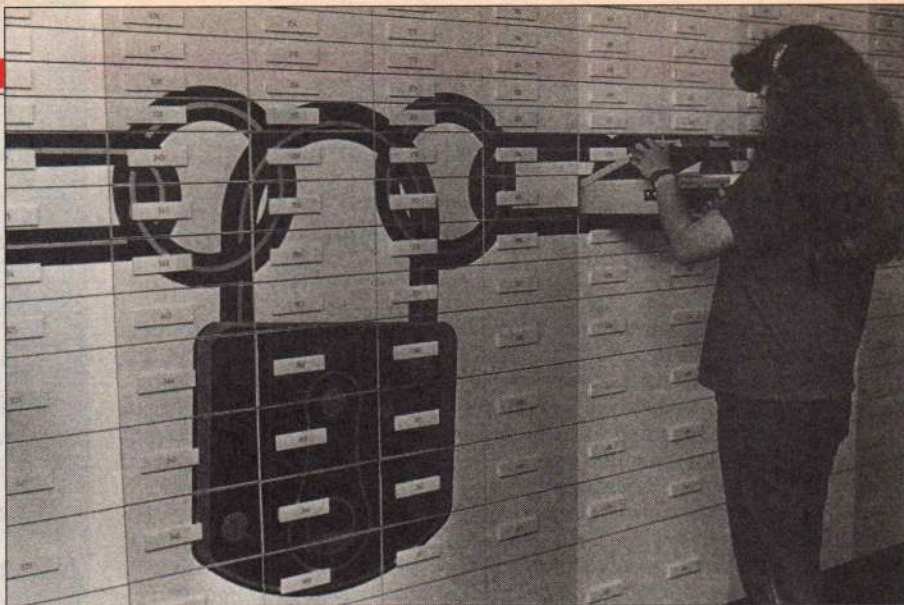
Musullulu allegedly has extensive contacts in the Middle East's drug-and-terror underworld. According to the Swiss Justice Ministry, in July 1983 Turkish authorities sought his extradition on charges of smuggling small arms and ammunition. But ex-

porting small arms is not a crime in Switzerland, and authorities did not act. A mysterious stamp on Musullulu's police file that read "Do not arrest" led to suspicion among U.S. and Swiss officials that Musullulu was being given special protection. By August 1984, when Turkey raised the question of Musullulu's alleged involvement with drug trafficking, he had slipped out of Zurich. But according to investigators he had a partner—another alleged Turkish drug lord named Haci Mirza.

U.S. and Swiss investigators describe the following chronology: When the Pizza Connection's Palermo lab was shut down, Mirza was left with as many as 600 kilos of morphine base and no place to process it. He asked a Turkish-born Italian, Nicola Giulietti, to help him find a buyer. When Giulietti started sounding out his contacts in Switzerland, authorities got wind of the deal and sought assistance from the U.S. Drug Enforcement Agency. A DEA agent using the pseudonym Sam Derosa and masquerading as a drug buyer was called in to make a drug deal with Giulietti and Mirza in the summer of 1986.

The business got complicated when Giulietti claimed he had important contacts in the Iranian government. Several weeks before the news of U.S. arms shipments to Iran broke, Giulietti told Derosa that Washington was supplying weapons to Teheran. The Iranians were unhappy with the results, he said, and had asked him to help. Investigators say the DEA agent passed the information to his superiors, but Giulietti's arms proposal was "put on hold."

Finally, the drug deal went down in February 1987: \$4 million for 176 pounds of morphine base and 44 pounds of heroin. The Swiss charged Giulietti and Mirza, confiscated the drugs and found Giulietti's electronic address book. After breaking its security code, authorities say, they found two numbers that identified a key link: the Magharians' phone in Zurich and the num-



Scrambling to prove the powers of self-regulation: *Safety-deposit boxes at a Zurich bank*

ber of one of their accounts at Credit Suisse.

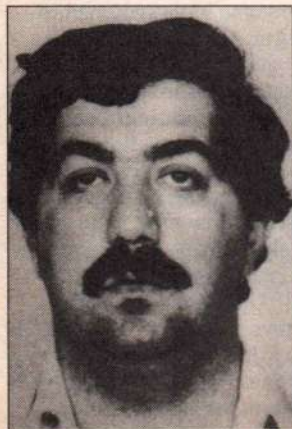
Small bills: The name Magharian rang a bell with investigators. Three months before, customs agents at Los Angeles International Airport seized three suitcases loaded with \$2 million in small bills. According to the recent U.S. indictment, the source of the money was cocaine profits. The bags were being shipped to Zurich, to Barkev Magharian. Over a span of two years, Swiss investigators believe the Magharian brothers handled more than \$1 billion. They moved it around in multiple transactions with Shakarchi Trading and through accounts at reputable banks until most traces of its origins were obscured.

The Swiss are still reeling from the succession of revelations, and seem torn about how far to move. While new laws that will make money-laundering a crime are slowly taking shape, professional associations have been scrambling to demonstrate their powers of self-regulation. The Swiss Bankers' Association will begin requiring lawyers to sign a pledge that they have made "appropriate, diligent inquiries" into the origins of any money they deposit for un-

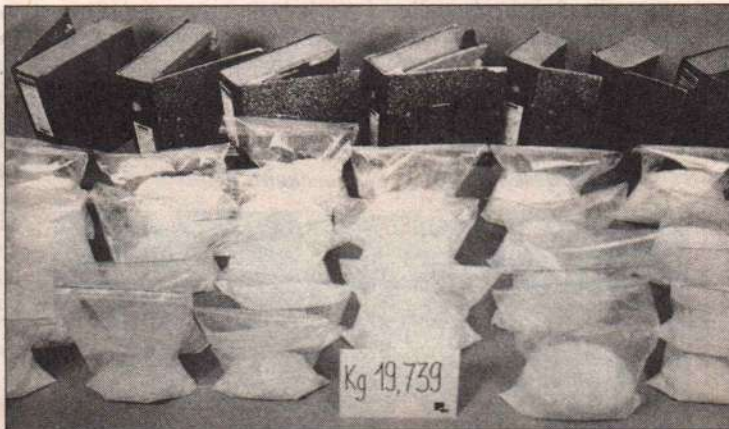
named clients to make sure it was not "acquired through criminal acts." As of March 31, banks will have to stop doing business with lawyers who don't sign. Dick Marty, the Ticino prosecutor in charge of the Giulietti, Mirza and Magharian cases, would go much further: advocating new Swiss drug-enforcement agencies and new powers to sequester funds.

"Bank secrecy is not there to cover criminals," says Edouard Brunner, Switzerland's ambassador to Washington. But he cautions against "fishing expeditions" through Swiss businesses. The stakes are high already for the Swiss and Americans alike. The drug world's cash flow may be its most vulnerable choke point, and Swiss cooperation in damming that flood of funds could bolster any crackdown on dirty money. The Swiss have seen their famed bank secrecy offer a haven to countless sinister criminals, an unholy alliance that may have corrupted some of the country's foremost institutions and brought disgrace to some of its most prominent leaders.

CHRISTOPHER DICKEY in Bern and
ROBERT PARRY in Washington



Cash: *Jean Magharian*



Big money: *Bags of cocaine seized by Swiss police in Lugano*



The prosecutor: *Marty*

Listen, Can We Talk?

Bush's fill-in-the-blanks economic program

Two months into his presidency, Ronald Reagan was spoiling for a fight on economic policy. Taking on all comers, he called for dramatic budget reductions, an increase in defense spending and a massive tax cut, all at the same time. George Bush's approach to economic pugilism is to drop his gloves and invite everyone into a neutral corner to iron out their differences. He's applied the "can we talk?" approach to everything from the budget and Third World debt to what to do about corporate takeovers. The strategy has made his agenda look a little fuzzy—like he's "leading from behind," as Robert Lawrence of the Brookings Institution puts it. But as the hard bargaining began on a number of fronts last week, the key players at least were still at the table.

The budget. This was Bush's first example of "can we talkism" and set the tone for his other proposals. Last week congressional leaders and administration officials, led by Office of Management and Budget Director Richard Darman, began closed-door negotiations. Congress hasn't pronounced Bush's plan "dead on arrival," as Reagan's proposals routinely were. While detailing 88 percent of its proposed \$1.16 trillion in spending for fiscal year 1989, the administration deliberately left 12 percent open in do-

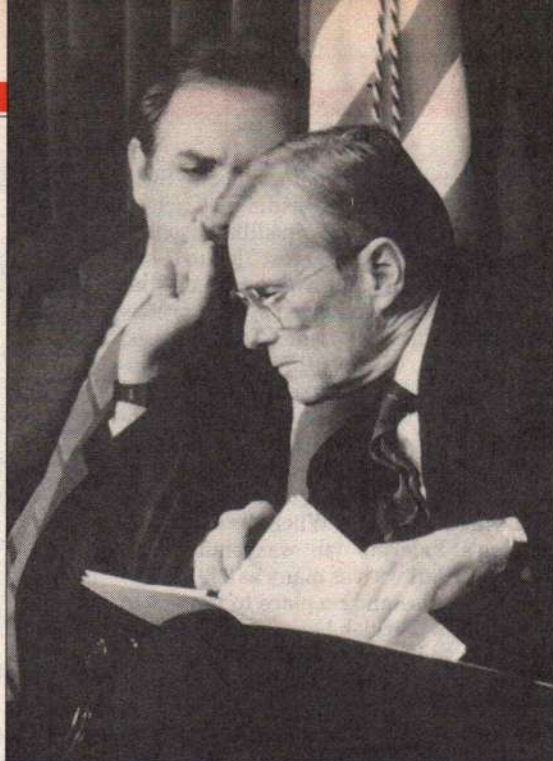
mestic areas—leaving room for compromise on everything from Amtrak to the Job Corps.

This strategy isn't without guile. Democrats charge that it forces them to propose painful cuts and take the heat. It also gives the administration the appearance of uncertainty. "What the dickens does it want?" asked economist Rudolph Penner, a former director of the Congressional Budget Office. "What's it up to?" Other critics worry the tactic might delay enactment of a budget. That concern took on added importance last week with news that wholesale prices rose another 1 percent in February—for a two-month annual average of 12.7 percent. If such inflation continues, the Federal Reserve will continue to push up interest rates, driving up the cost of balancing the budget. Bush pronounced the wholesale-price rises "a clarion call" for deficit action.

Third World debt. Treasury Secretary Nicholas Brady has also taken what he calls a "boys, come see us" approach to the Latin debt crisis. In a speech two weeks ago, he made a broad appeal to banks to forgive a

portion of their \$218 billion in shaky loans in exchange for guarantees on the remaining debt. The speech's vagueness allowed the administration to signal a shift away from its old policy of opposing significant debt relief—without spelling out how much it will cost banks and taxpayers.

The fill-in-the-blanks plan left interested parties puzzled. Even the White House took four days before it fully endorsed the proposal. Some specialists said the obligations of the largest debtor nations, notably



WALLY McNAMEE—NEWSWEEK

Keeping some details to themselves: Darman, Brady

Eastern's Shuttlers Vote With Their Seats

Here's a novel formula for attracting airline passengers: charge \$50 more than your closest competitor and stop selling tickets at the gate. That's what the Pan Am shuttle has managed to do as frequent fliers defect from embattled Eastern Air Lines. Since Pan Am took on the highly profitable Eastern shuttle in 1986, it had remained No. 2 in the busy Boston-New York-Washington market. Then Eastern's machinists and pilots went on strike, and Pan Am's business nearly doubled. "Clearly this is a one-time opportunity that doesn't come around every day," says Edward Stark-

man, an airline analyst for PaineWebber.

Eastern hasn't been able to stop the free fall even by letting the air out of its prices. After the troubled airline filed for protection under federal bankruptcy laws two weeks ago, it briefly cut one-way tickets to \$12 and got a

rush of weekend business. Then it lifted weekday fares to \$49, half the prestrike fare. Business travelers, who account for most shuttle traffic, haven't responded. Since their companies pick up the tab, they're more concerned with reliability and service than cost.

Fare-for-all: Passengers on a \$12 weekend flight

SCOTT MAGUIRE—AP



The loss of business has also cast uncertainty over Eastern's plans to sell the shuttle to Donald Trump. The New York real-estate developer's organization claims to have conducted studies that show it could win back most of the customers who have switched to Pan Am. But last week analysts questioned how much market share the shuttle will have left by the time Trump owns it. Many speculate that he might try to lower the \$365 million price tag he negotiated last fall, or even bail out entirely. (Escape clauses promise Trump as much as \$8 million if the deal falls apart.) Whatever the outcome, Trump has made sure that he's one Eastern customer who won't get left at the gate.



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Brazil and Argentina, would have to be cut by 50 percent to make a difference in their economies. Banks made it plain they won't agree to anywhere near that much, and insisted on more details from the administration. While supporting the plan's outline, Fed Chairman Alan Greenspan suggested that any program shouldn't stress debt reduction over economic growth. Responding to the call for more specifics, Treasury Under Secretary-designate David Mulford finally told congressional subcommittees that the plan might produce reductions of about 20 percent. But he refused to be pinned down on what that might mean in individual countries.

Corporate takeovers. In this case Brady used the "come see us" approach to stall for time. Outraged at the vast quantities of debt that companies have taken on in takeovers and leveraged buyouts, Congress demanded action. Brady is mostly opposed to government interference. So he endorsed a House Ways and Means Committee hearing as a way to "evaluate this trend." He even suggested that Congress summon the takeover artists and bankers who make millions of dollars from the buyouts and solicit their ideas. This particular example of let's talkism was widely ridiculed, but it prevented a confrontation with Congress. Brady will probably get his way, because Congress isn't likely to enact legislation.

Bush hasn't fudged on every economic issue. He detailed a child-care tax credit last week, timed to overshadow a plan approved the same day by a Senate committee. The Democratic proposal would help subsidize day-care centers. Yet the more specific Bush becomes, the worse reviews he gets. In a carefully crafted proposal, Bush has also urged raising the hourly minimum wage from \$3.35 to \$4.25 by 1992 while retaining the lower pay as a "training wage" for first-time employees. Congress is ignoring the proposal, favoring instead a flat \$4.65 minimum. Likewise, Ways and Means Chairman Dan Rostenkowski has declared Bush's plan to cut the capital-gains tax to 15 percent a "nonstarter."

Responses like that explain why Bush has resorted to consensus-building. He simply doesn't have Reagan's popular mandate or power to intimidate Congress. "The only way Bush is going to influence legislation is negotiation, persuasion and threat," says Norman Ornstein, a resident scholar at the American Enterprise Institute. "So he's got to husband his popularity and talk." That happens to jibe with Bush's energetic, approachable personal style. As one Washington observer puts it, "He has more meetings in a week than Reagan had in a month. Literally." Now all that's left to see is if talking can produce good policy.

LARRY REIBSTEIN with RICH THOMAS
in Washington



SCOTT ROBINSON

'Pee Wee' Rosenfield's latest adventure: In Los Angeles, the leader of the consumer fight

Honk If You're for Prop. 103

California's car insurers take to the courts

People have trouble classifying Harvey Rosenfield. An enthusiastic radio talk-show host called him "the Mother Teresa of auto-insurance reform," but California's insurance industry has other names for the Santa Monica lawyer. "Pee Wee Harvey," a reference to Rosenfield's height of 5 feet 6 inches, is a printable example. Love him or hate him, no one can deny Rosenfield has turned the auto-insurance business upside down. Last fall his Voter Revolt movement persuaded the electorate to approve Proposition 103. Among its provisions: a hefty rollback in rates. But voters didn't get the last word. The insurance industry sued to overturn the new law, insisting that portions of Prop. 103—including the rate rollback—are unconstitutional. After hearing arguments earlier this month, the state Supreme Court has 90 days to rule on the case. While they wait, the two sides are growing no less contentious: the Consumers Union charged last week that insurance companies, fearing a potential loss of \$4 billion from premium reductions, were hiking their rates.

Like Proposition 13, the landmark referendum that overturned high property taxes in 1978, Proposition 103 is a textbook example of California's habit of using plebiscites to make policy. (Last fall there were 29 propositions on the California ballot, five of them about auto insurance.) Howard Jarvis's Proposition 13 was hailed as a victory for conservatives. By contrast, Rosenfield is ideologically neutral. Endorsed by Ralph Nader, Rosenfield's movement is consumerism triumphant—all he wants is to provide rate relief to California's 13 million insured drivers, who pay the third highest premiums in the United States.

Narrowly approved by 51 percent of the voters, Proposition 103 calls for an immediate 20 percent rollback in insurance rates. Under existing regulations, it costs \$600 to insure a midsize sedan in a small town; in Beverly Hills, premiums for the same car run to \$2,400. Rosenfield wants rates to be based mostly on a driver's record—not his ZIP code. Other provisions: a watchdog agency, an elected state insurance commissioner and an end to the insurance industry's antitrust exemption. The proposition does give insurance companies the right to request a rate increase, but they must show need by opening their books to the public.

Tough questions: In the Supreme Court hearings, attorneys hammered at what is probably the central question of the issue: are California's auto-insurance rates too high? Consumer lawyers argue that insurance companies are profiteering, but industry spokesmen claim that rates reflect the high cost of litigation under the state's form of liability insurance. During the hearings, several of the seven justices appeared to draw political lines. Two liberal judges battered insurance-industry lawyers with tough questions, while conservative Justice Marcus Kaufman challenged a Proposition 103 supporter with, "Do you mean to tell me that 51 percent of the voters, if they say a thing is true, [the issue] is beyond judicial inquiry?" Whatever the outcome, no one doubts the case's significance; similar initiatives are in the works in 17 states. In Sacramento, the courtroom was jammed with reporters from around the country, who may remember Proposition 13 and anticipate that once again, as California goes, so goes the nation.

HARRY HURT III in Los Angeles

Haunted by Their Habits

A drug is bringing relief for obsessive-compulsive disorders, but mysteries still surround the ailment

BY DAVID GELMAN

In sixth grade, Stanley suddenly found himself in the grip of a passion for symmetry. He had to put his shoes down just so; he had to write in a flawlessly upright and rounded script. Walking to school, he became a perfect little automaton, his legs swinging in precise synchrony with his arms. When he took exams, he spent so much time carefully shading in the answer boxes on the computerized quiz forms that he seldom finished a test.

Later Stanley developed other distressing quirks: retracing his newspaper route over and over again to see if he'd missed a delivery, running endless sums of sixes and eights through his head, repeating everything he did at least twice. "Mosquitoes of the mind," he began to call these inescapable rituals. Though they were taking up a substantial part of his waking life, he had no idea where they came from or why they plagued him so.

Stanley* is just one of the tormented denizens of "The Boy Who Couldn't Stop

Washing," by Dr. Judith L. Rapoport, a close-up look at the peculiar affliction known as obsessive-compulsive disorder (OCD). An estimated 3 million to 7 million Americans are believed to suffer from OCD at some time in their lives. The numbers remain uncertain because, until recently at least, victims have tended to hide the problem; not uncommonly, they think they are going mad. "Am I really crazy, doctor?" a patient asked Wayne Goodman, a Yale Medical School psychiatrist who heads the OCD clinic at the Connecticut Mental Health Center. "No," replied Goodman, "but your symptoms are pretty crazy." One of the oddest things about OCD, indeed, is the relative normalcy of its victims. Unlike schizophrenics, they *know* their behavior is crazy; the knowledge is one of the most painful aspects of their ailment. "It's not a disorder of weird people," says Dr. Michael Jenike, of Massachusetts General Hospital. "We all work with these people—they're everywhere."

At the simplest level, obsessions are usually defined as unwanted thoughts, compulsions as unwanted actions. They are unpleasant things we think or do. But that scarcely begins to suggest the intensity of OCD, or its often devastating effects on

victims and their families. Most people experience mild compulsions, such as returning to the house to make sure the oven is off or the door is locked. It is only when the habit begins interfering with their ability to function that it becomes a disorder. At the extreme, OCD is behavior caught in a loop, doomed to repeat itself like some Sisyphian labor that never attains its goal. The worst case he ever saw, says Jenike, was a woman in her 40s who had been spending up to 13 hours a day washing her hands and her house. She described the experience as "hell"—not such an exaggeration, as he reconstructs it: "Before she could use the soap, she had to use some bleach on the soap to make sure the soap was clean. Before that, she had to use Ajax on the bleach bottle. And this went on and on. If she happened to bump the edge of the sink while she was doing this, this would set off another hour and a half, two hours of ritual. She didn't really think there were germs there. It was just a feeling."

Hair pulling: Rapoport, chief of child psychiatry at the National Institute of Mental Health, has had a chance to observe all sorts of obsessions and compulsions in the course of an NIMH study that began in 1976. The extraordinary cast of her book includes such haunted figures as Sam, who felt driven to find a reference to "life" any time he happened to come across the word "death" in something he was reading;



Washing

The most common compulsion, it often stems from obsessive fears of contamination. Many victims will spend all day scrubbing.



Checking

Many people frequently check door locks or oven knobs. Compulsives do so almost incessantly, never quite able to trust their senses.



Symmetry

This is the urge for fastidious order. A victim will take so much care shading in answer boxes that he cannot finish a test on time.

PHOTOS BY MICHEL DELSOL

*With the exception of Patricia Perkins, the names of patients have been changed.



Close-up on a devastating disorder: Perkins with a self-help group at the OCD Foundation, and author Rapoport



BOB McNEELY—SIPA

Charles, the boy of the title, who was unable to rid himself of a feeling of "stickiness," despite three hours a day in the shower; and a group of young women who, since adolescence, had been pulling out their hair, strand by strand. One, Jackie P., had snatched herself completely bald.

To Rapoport, the mindlessly repetitive rituals suggest nothing so much as the nesting and grooming habits of animals—encoded "programs" that, once set in motion, keep running. Compulsive hair pulling, for instance, could be "grooming behavior run wild." That might explain why standard psychotherapy has been largely unavailing against OCD, although the anxieties and self-punishing tendencies patients exhibit would seem ripe stuff for analysis. Instead, the disorder has proved amenable to the blunt interventions of behavior modification—dirtying a patient's hands, for example, and then preventing him from washing for an hour. More intriguingly, OCD has responded to a potent antidepressant drug called clomipramine that seems to affect the action of one of the brain's key chemical messengers, serotonin. The drug has some troublesome side effects and doesn't help everyone; so far it has been approved in this country only for "investigative" use. But within weeks, it appears to erase compulsions that patients have struggled with all their lives—almost, says Jenike, "like an on-off switch."

Missing pieces: A combination of drug treatment and behavioral therapy was what finally helped Terry, a registered nurse who had spent years seeing psychologists without getting any relief. Generally, OCD patients have an overlap of obsessions and compulsions. Terry was one of the 20 percent who largely suffer from obsessions. Routinely gathering up her children's toys one day, she put together the Mickey Mouse puzzle her daughter had received as a birthday present, and noticed a couple of pieces missing. She assumed they would

turn up. But they didn't, and she couldn't stop thinking about them. "It got to the point," she says, "where I started tearing my house apart, looking under the furniture, the TV, the cushions on the couch. It just kept getting worse and worse."

About a month after the obsession began, it took over completely. Terry could think of nothing else—except suicide. "I was losing it," she says. One morning, searching for the missing pieces of the puzzle, she seized a pair of scissors and cut up the couch. That, so to speak, tore it. She called her husband at work and told him about her problem (like many OCD sufferers, she had managed to conceal it until then) and he made an immediate appointment for her with a psychologist. But it wasn't until a year later, when she found an article in her hospital library about the OCD program at Massachusetts General, that she got help. There, Jenike put her on an antidepressant drug that influences serotonin. Within a week her symptoms had eased. Another doctor at Mass General also showed her a behavioral technique: keeping a rubber band on her wrist and snapping it whenever her thoughts began edging toward obsessive. She wears the rubber band to this day and it has helped.

Yet no one has really shed any light on the origins of her disorder, Terry says. "Even now, occasionally, if a crayon is missing or a pair of stockings, I may obsess about it for a few days. Some things won't affect me, but then, something like an eraser will. No one knows why I choose some things over others." In truth, doctors don't really know why anyone falls prey to OCD, or why it takes different forms with different individuals. But biology is beginning to provide some clues.

Probably the most widespread compulsion is washing which, for many victims, arises out of an obsessive fear of contamination. Other common ones are checking, counting, repeating and the need

for symmetry. Most compulsives partake of one or more of those, though they are apt to put their own unique twists on them. (One of the newest, reports Rapoport, is a conviction of having AIDS, a disease virtually "made to order" for obsessives.) In treatment, patients are usually astonished to learn that there are others who have the same problem they have kept so desperately secret. OCD takes identical forms even in different cultures—which is one of the arguments for a common biological cause. There is also strong evidence of a genetic link in the disorder. A survey by Rapoport showed that about 25 percent of victims have at least one close relative with OCD.

It hits men and women about equally. Victims often can recall some trivial event that triggered the problem. One of Rapoport's washers had a shuddering recollection of an exterminator spraying the baseboards of her classroom for roaches one day. Many people may have anxieties stemming from such half-forgotten incidents. But for OCD sufferers, the angst has spun out of control.

Body check: Something in the chemistry of OCD seems to make it impervious to reason. Patricia Perkins, a lawyer who heads the OCD Foundation in North Haven, Conn., an information clearinghouse founded by former patients, worried obsessively about causing harm to people. She couldn't drive her car without stopping to check for a body every time she hit a bump in the street. She would circle around the block over and over. Finding nothing, she would think: "In the three minutes it took me to come around again, the police picked up the body and cleaned up the scene completely." She knew as well as any normal person could how implausible that scenario was, but she could not credit the evidence of her own senses. Some final step of certitude is unavailable to OCD victims. There is nothing wrong with their memories, but they can't be sure: "Did I really lock the door?" In France OCD is known as *folie de doute*—the "doubting disease." Victims simply don't know how to know.

Having gone through half a dozen hospitals and doctors in a vain search for help, Perkins finally got into Goodman's OCD program, one of a score of such programs around the country. There she was put on Anafranil (the trade name for clomipramine, which is commercially available in Canada, Mexico and Europe). By the fifth week the compulsions had all but vanished. "After having them my whole life, it was amazing," Perkins says. She found she could now re-create in her mind exactly what triggered her fear of having run someone over: a pot-hole, a clump of scrap in the street. "So

it's like you don't doubt anymore."

While the precise action of the drug remains uncertain, it's known that, at least in the short term, it increases available levels of serotonin, a neurotransmitter that helps regulate such vital functions as mood and impulsivity. The serotonin may play into some complex brain processes. PET (positron emission tomography) scans of OCD patients by UCLA psychiatrist Lewis Baxter show heightened activity in the orbital area, a part of the prefrontal cortex located just above the eyes, and the caudate nucleus, a central switching area deep in the brain. The same brain regions are known to be affected in Parkinson's disease and Tourette's syndrome, both characterized by involuntary body movements. (About a third of Rapoport's OCD patients also suffered from Tourette's.) "We believe the difficulty is in the interaction of the caudate with the orbital area," Baxter says. "In disease, the caudate isn't up to its task of regulation."

The caudate itself is located in the basal ganglia, a primitive part of the brain that, according to Baxter, suppresses "unwanted things." For Rapoport, that is further proof of some sort of animal behavior at work in OCD. The phenomenology of the disorder is not like that of a psychiatric disorder, she notes. Instead, the repetitive compulsions appear to be "fixed action patterns" unleashed by the part of the brain that governs such behavior in animals—something like the nonstop food-hoarding of squirrels.

Brain teasers: It was the idea that there may be a "biology of doubt," Rapoport says, that really inspired her to write her book. She is fascinated by the implications the question holds for behavior in general: "If this is a 'doubting disease' and if a chemical controls this sense of doubt, then is our usual, normal belief... similarly determined by our brain chemistry?... Can we localize 'doubt' or 'will'?"

As usual, on the frontiers of research, the questions are more interesting than any yet available answers. Not the least provocative is the intuition that OCD reflects a discordance between the brain's most advanced region (the cortex) and one of its more primitive areas (the basal ganglia). This could almost be a description of the human condition in general, and Goodman turns that very idea to useful effect. He tells patients to imagine "there is something firing off in an older part of the brain. It's as if inside them is living this primitive, irrational being they have to respond to. Because if they don't, it tortures them with all sorts of anxieties and fears, and at some point they have to give in." That, in any case, is an accurate description of what it feels like to be afflicted—"possessed" is perhaps the word—by this strangest of mental maladies.



PHOTOGRAPHERS INTERNATIONAL—OUTLINE

Her own signature: Decked-out Diana

FASHION

Fashion Fit for a Princess

Di's discreet designer

Catherine Walker was absent again. While the rest of Britain's designers displayed their creations at London's annual fall fashion shows last week, the exclusive, and near-reclusive, *couturière* was readying her best client for a camel race. Diana, Princess of Wales, was on her way to observe the customs of Kuwait, an occasion that called for—hmm, perhaps a cloud-pink linen suit with a gently rounded neckline. Walker knew best: there are other ways to become one of England's reigning fashion designers than to show one's collection at some exhibition hall. She has never needed to go to such lengths.

Discretion plays a large part in Catherine Walker's success. In the past two years she has been largely responsible for transforming the Princess of Wales from an eclectic, uneven dresser into an elegant presence with a slim silhouette. Yet the princess is not the talk of The Chelsea Design Co., Walker's small shop in southwest London. Walker will not discuss her royal client or other customers (including the wives of Michael Caine and Dustin Hoffman); she gives few interviews and remains aloof from the London fashion establishment. "Too many of Diana's other designers talked too much," says Liz Tilberis,



NIALl McINERNEY

Regal raiment: Walker in Chelsea shop

editor of British Vogue. "And look who is still doing the most designing for Diana."

Walker and Diana's relationship predates the royal wedding in 1981. Diana approached Vogue, where two of her sisters had worked, for advice on a designer. An editor suggested Walker—and Bruce Oldfield and Victor Edelstein, two other British couturiers. Walker was more like the private dressmakers of old; although Diana still wears designs by Oldfield and Edelstein, Walker's work seems to suit her best. Pale, tailored dresses and structured suits emphasize Diana's fair complexion and slender form. Her evening dresses create a sophisticated and sensuous look, with tight bodices and draped, figure-hugging torsos that elongate the body. In Paris last fall, the princess received a standing ovation when she attended a luncheon in a Walker-made black-and-white gabardine suit.

Shop to shop: Born in France, Walker came to London 20 years ago. (She chooses to keep her age—as well as the price of her royal raiments—a secret; her ready-to-wear sells from \$1,000 to \$3,000.) It wasn't until her husband, a lawyer, died suddenly that she took up dressmaking. The mother of two girls, she began with children's clothes, which she took from shop to shop in a basket. Nowadays, the 5-foot-10 designer creates styles that she herself can wear. "No matter how tall a person is," she says, "if I can make her look taller, I will."

Walker has been criticized for too close an affinity to Yves Saint Laurent. She prefers to see her clothes as a bridge between England and her native France. "The French are more sexy, the English more sensual," she says. "I try to merge the two." Above all, Walker insists on the highest quality workmanship. "That's why I don't show. I can't handle any more business now." But with customers like the Princess of Wales dropping by, why should she look for more?

NINA DARTON in London

A Reporter Isn't a Friend

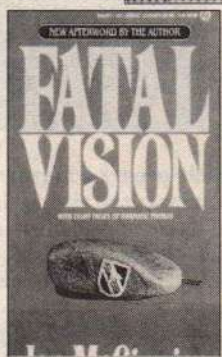
But must journalists always betray their subjects?

Journalists have always ranked down there with dogcatchers and lawyers in the public's esteem, and Janet Malcolm thinks she knows why. The journalist, she declares at the outset of a recent two-part essay in *The New Yorker*, is by nature "a kind of confidence man," who survives by gaining people's trust and "betraying them without remorse." The article set off a ruckus among journalists because it's an engrossing (if often muddled) tale that raises some wrenching questions. Are journalists ever justified in using deception to get at the truth? What does a reporter really owe a subject?

Like Malcolm's celebrated forays into the psychoanalytic establishment, the current piece is essentially a dramatic narrative. It centers on the relationship between author Joe McGinniss (now at work on a book about Ted Kennedy) and Jeffrey MacDonald, his subject in the 1983 best seller "Fatal Vision." McGinniss meets MacDonald in 1979, just weeks before the young Army doctor is to be tried for the brutal murder of his wife and two children. MacDonald, insisting he is innocent and hoping to raise funds for his defense, invites McGinniss to write a book about him, and the two strike a deal: MacDonald will cooperate with McGinniss in return for a third of the royalties. But he'll have no editorial influence, and he won't sue McGinniss "provided that the essential integrity of my life story is maintained."

McGinniss lives in a dormitory with MacDonald and his defense team throughout the trial, during which time he comes to believe his new friend is guilty. The writer stays in close touch with MacDonald for several years, never mentioning that he intends to portray him as a monster. When "Fatal Vision" appears, in 1983, MacDonald isn't amused. From prison, he sues for \$15 million, charging fraud and breach of contract. The case ends in a mistrial in 1987 because one of six jurors takes McGinniss's side. The other five are, in Malcolm's words, fully convinced that "a man who was serving three consecutive life sentences for murder ... was deserving of more sympathy than the writer who had deceived him." In an out-of-court settlement, MacDonald receives \$325,000.

The most damning evidence against



Hunter and prey: Author McGinniss

McGinniss is a series of letters he wrote to MacDonald not long after his conviction. In the passages Malcolm quotes, McGinniss goes beyond simply concealing his emerging belief in MacDonald's guilt. When McGinniss suspects a competing reporter is contemplating a book, he hints that MacDonald is safer talking only to him. In a particularly disingenuous letter, McGinniss writes that "total strangers can recognize within five minutes that you did not receive a fair trial." McGinniss now claims that MacDonald, in lying repeatedly to him, nullified any contract—legal or moral—between them.

Equal crimes: Malcolm isn't sure MacDonald lied. She writes that no one can be certain he killed his family, and she gives the last word in the piece to one of his lawyers, who believes he is innocent. But she makes scant effort to weigh the voluminous evidence presented against him in "Fatal Vision," which details the forensic evidence and MacDonald's pathetic alibis. She quotes a psychologist saying that he was really bothered that MacDonald didn't confess. Later, she quotes a juror from the McGinniss trial saying the same thing about McGinniss. It's almost as though baby-killing and counterfeit friend-

ship were crimes of equal consequence.

Does the McGinniss-MacDonald affair say anything larger about journalism? Malcolm argues yes, that buried within the very structure of the relationship between reporter and subject is a "deliberately induced delusion," which after publication becomes "a moment of shattering revelation." But while she tars all of journalism—the piece is studded with overgeneralizations—her point pertains only to a small class of profiles and biographies. Even in those cases, not all subjects feel abused. Contrary to Malcolm's world view, betrayal is not the root of all journalism, only some of it.

Malcolm's piece is a "reflection," written in the first person. But nowhere in roughly 35,000 words does she mention the parallels between McGinniss's case and her own bitter falling out with Jeffrey Masson, the subject of her 1984 book, "In the Freud Archives." Masson, like MacDonald, felt betrayed by the writer with whom he cooperated and, like MacDonald, took his alleged betrayer to court. (His \$10 million suit, once dismissed and now on appeal, accuses Malcolm of fabricating portions of the novelistic soliloquies she attributes to him.) Not surprisingly, McGinniss reads Malcolm's piece

about him as an extended metaphor for her own psychic conflicts stemming from the Masson case. It's "projection," he says. Neither Malcolm nor New Yorker editor Robert Gottlieb would respond publicly to that or any other criticism of the article.

Malcolm notes approvingly that the jury judging McGinniss in the breach-of-contract case thought little of the distinction his supporters drew between outright lying and failing to disclose one's motives. But much good journalism would be impossible without that gray area. Like many other journalists, Seymour Hersh, the investigative reporter who broke the story of the My Lai massacre, thinks McGinniss went too far. But he defends the gray zone. He recalls that in his early conversations with Lt. William Calley "I didn't say upfront, 'How could you kill those kids?'" "Is that lying?"

Only by an absurdly purist definition. Writers shouldn't have to issue Miranda warnings before opening their notebooks. Beyond the same decency that they would bring to any human encounter, they owe their subjects (who, after all, cooperate freely) nothing. Their obligation is to the reader and to their own vision—fatal or otherwise—of the truth.

JONATHAN ALTER and GEOFFREY COWLEY

ARCHITECTURE

High Style in the 'Burbs

Big-name architects bring flair—and their designer labels—to luxury developments

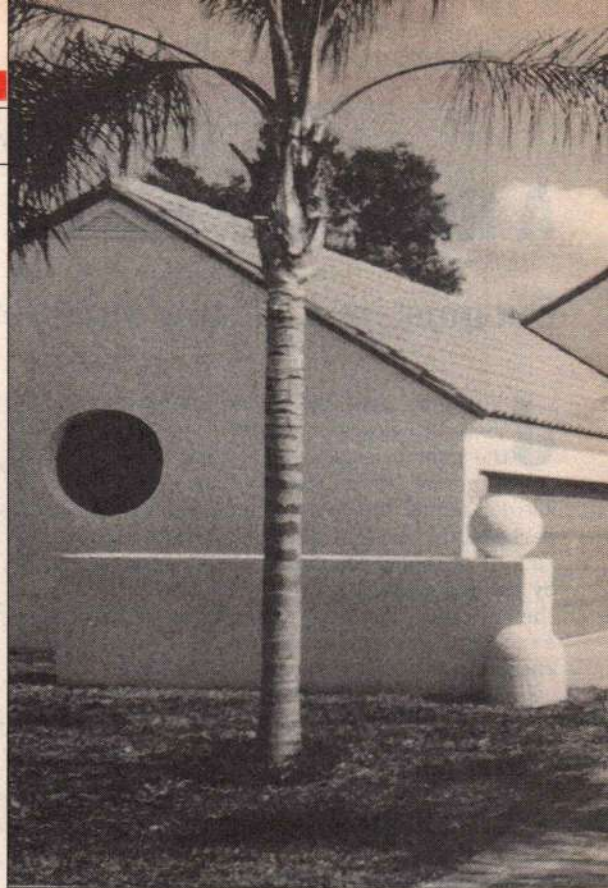
They're all around, the million-dollar mansions creeping into America's suburbs, sprouting up in places with names like Smug Farms and Trendy Acres. Once the nesting ground of the middle class, the subdivision in the last decade has been invaded by the growing ranks of the newly rich. Many developers who build luxury manses are slavishly hip and tart up their houses with lots of postmodern doodads. The houses, as a result, are not only huge, but often grotesque. Giant, mutant colonials, with more columns than the Parthenon, sit on quarter-acre lots next door to monster neo-Georgians, gone amok with pediments and Palladian windows. Overdressed, overblown and overbearing, they're the kind of dwellings that make tacky-tacky boxes look like quiet good taste.

Now a handful of eminent American architects are bringing some flair and a sense of proportion to the million-dollar tract house. Rather than designing houses only for private clients, they're beginning to work with developers on speculative luxury housing. For the average multimillion-

aire house hunter, this can mean a chance to get couture design at ready-to-wear prices. "It's the difference between having a Ralph Lauren suit made to measure or buying one off the rack," says New York architect Robert A. M. Stern, whose "spec" houses epitomize the Lauren notion of instant tradition. The demand for better design in high-end developments is growing, as more middle-aged empty-nesters and Yuppies who struck it rich in the '80s trade up in the housing market. Frank Castagna is one developer who's been waiting for this moment. His large tract of land in the posh, leafy suburb of Pound Ridge, N.Y., will feature houses designed by a short list of top architects, each set on a three- to four-acre parcel that will sell for about \$500,000. "We've owned the land for 30 years, but we never developed it," he explains. "The market is only there now."

But why would a world-class architect want to bother with anything so crass as a

suburban development? For Robert Venturi, his first spec house is a long-awaited chance to put his money where his mouth is. Famous for his appreciation of American roadside architecture and postwar suburbs like Levittown, Venturi had never been approached by the right developer. "They think of us as highfalutin or expensive, which we're not," says the distinguished architect, who heads the Philadelphia firm of Venturi, Rauch and Scott Brown. His designs put an offbeat spin on elements from architectural history or pop culture; among his current projects is the new wing of Britain's National Gallery.



LARRY BARNES

Concocting manses that confer instant tradition: Stern in his New York office (above), his \$1.5 million classic colonial with three-car garage (right)





PHOTOS BY RED MORGAN

Each buyer gets to choose window shapes, front-entrance style, courtyard-paving pattern and fireplace treatment from a rich menu of options: Venturi's 'Mr. Potato Head' villa comes in a limited edition of 24

When Venturi met Warren Pearl, a fast-talking builder who got his start constructing New York recording studios, he was impressed by Pearl's enthusiasm and workmanship.

Options and colors: Pearl plans to build 24 Venturi houses, scattered among hundreds of other houses, in a country-club development in West Palm Beach, Fla. The architect has designed a basic two-story house (there's also a one-story version) that comes with a menu of options so that each buyer can choose window shapes, the front façade, paving patterns in the courtyard and interior details.

Pearl calls it the "Mr. Potato Head" system and has a picture of the house on a metal board with magnetized pieces so that the customer can play with the variables. "It's like what American automobile manufacturers have been doing for years," says Venturi. "You can take the standard Pontiac and choose options and colors."

At first glance, Venturi's model house in West Palm Beach is a surprisingly demure, sunny Mediterranean-style villa. "People respond to the associational and sentimental qualities," he says, explaining the stucco-and-tile type that's common in south Florida. "Our approach is to be not literal, but suggestive." A second look does reveal a lot of unexpected touches: roofs pitched so steeply that the tile men didn't want to work on them; a slanting chimney; asymmetrical window configurations. Inside, the Venturi details are wackier, including massive, decorative mahogany columns that define the foyer; stylized moldings; horizontal mullions on the picture windows, and a host of surprising curves and niches. It's a house with a sense of humor, right down to the corny fountain plunked in the center of the courtyard near the pool. Built on a golf course, the 4,800-square-foot house is selling for about \$600,000, plus up to \$200,000 more for a half-acre lot.

Robert Stern is also a fan of the suburb, but he reveres the kinder, gentler subdivisions of the turn of the century, such as



Chestnut Hill in Philadelphia or Tuxedo Park, N.Y. Stern, who built his first spec house in Bridgehampton, N.Y., in 1980, designs for developers only if he can do the entire project and create a whole ambience. Some of his communities are fanciful—he designed an ersatz Norman village in New Jersey—but he generally takes his cues from the surroundings of the site. The eight houses he's designing for Wynnewood, a subdivision on a wooded 23-acre estate in Stamford, Conn., will each be a variation on the Connecticut farmhouse. The idea isn't just to approximate *real* farmhouses, says Stern, but also to incorporate "people's imaginings from the movies, like 'Christmas in Connecticut,' with Barbara Stanwyck, or 'Mr. Blandings Builds His Dream House.' Those feelings set the tone."

Two grand Wynnewood houses have been built so far. The first one is an adaptation of the shingle style, embellished with classical columns, a barn roof and a Palladi-



TED HARDIN

Foreign Exchange

Country	Selling Rates Banknotes	Transfers
Algeria	29.20	6.70 dinar
Australia	1.2000	1.2225 dollars
Austria	13.00	13.15 schillings
Belgium	39.00	39.10 francs
Canada	1.1800	1.1950 dollars
Congo Rep.	321.00	321.00 CFA franc
Denmark	7.1750	7.2600 kroner
Finland	4.31	4.35 markka
France	6.28	6.33 francs
Germany	1.8650	1.8680 marks
Ghana	—	215.00 new cedi
Greece	149.00	157.00 drachmas
India	15.30	15.70 rupees
Israel	1.6920	1.8480 shekel
Italy	1,356.50	1,371.00 lire
Japan	129.50	131.00 yen
Kenya	17.85	18.40 shillings
Kuwait	0.2900	0.2975 dinar
Lebanon	—	— lire
Morocco	8.35	8.58 dirham
Netherlands	2.1010	2.1100 guilders
Nigeria	5.35	7.30 naira
Norway	6.7250	6.8000 kroner
Pakistan	17.80	20.00 rupees
Portugal	146.00	155.00 escudos
South Africa	2.47	2.57 rand
Spain	115.00	116.50 pesetas
Sweden	6.33	6.39 kronor
Switzerland	1.5800	1.6075 francs
Tanzania	—	— shillings
Tunisia	0.8930	0.9600 dinar
Turkey	1,690.00	1,600.00 lira
Uganda	—	— shillings
Zaire	—	322.00 zaire
Zambia	8.04	10.40 kwacha
*Republic of Egypt	0.4350	0.4075 pound
*Great Britain	1.7350	1.7200 pound
*Ireland	1.4475	1.4270 pound

*U.S. dollars per pound

Based on March 17, 1989. Rates supplied by Foreign Commerce Bank, 82 Bellariastrasse, CH-8038 Zurich. Branch office in Geneva.



TED HARDIN

Responding to people's fantasies: Stern's '80s notion of the Connecticut farmhouse

an window; it's clearly a pastiche that could have been built only in the 1980s. The second house, currently on the market for \$1.5 million, is a classic, huge colonial. The oversize windows give the looming clapboard façade its handsome proportions, though a hulking wing—the three-car garage—throws the design off kilter.

Elegant scale: Other architects who've experimented with luxury spec houses include Charles Moore, the designer of such innovative multiunit developments as Sea Ranch in California. In Atlanta, Ga., he's designed his first spec mansion as a show house for Builder and Home magazines. The \$700,000 house, with monumental two-story columns across the front, is a suburban Tara. Though its elegant scale is the result of careful research—the veranda is based on a real 19th-century plantation in Demopolis, Ala.—the house acts as a send-up of the comically grandiose style of the typical suburban manse. In the Pocono Mountains in Pennsylvania, Aldo Rossi, the avant-garde Italian designer and theoretician, has designed three odd, woodsy spec houses that possess an innocent charm, with peaked roofs and simple, square windows. The price tag: roughly \$300,000 each. "These houses represent my idea of the *casa americana*," says Rossi.

High-style architects have to adapt to the speculative market, which can lead to friction. "I had to fight to tone down Rossi's original designs," says the developer, Robert Hamburger. But when Hamburger wanted arched windows—"everybody's doing them"—the architect adamantly refused. Still, certain amenities have to be shoehorned into most of these projects: big attached garages, megaclosets, bathtubs

big enough to paddle a canoe in. Venturi even included a golf-cart pavilion.

But the spec buyer will never get the kind of refinement that custom clients do. Stern's vanilla interiors at Wynnewood include some of his signature touches, such as an elegant staircase and elaborate moldings, but have far less detail than his houses for private clients. The architect also holds down costs by using sheet rock instead of plaster, simpler lighting systems, less marble and fewer built-ins. Though Venturi quotes Mies van der Rohe's adage, "God is in the details," he's left the finishing touches in West Palm Beach to the Almighty and developer Pearl. He's never visited the site.

Drawing card: In fact, one reason that a top architect is affordable for these houses is that the details are simplified, and the developer demands less time than a private client. And for a project like Venturi's, the design costs are spread out among the 24 houses built off the same plan.

Does the designer label help sell a house—or is it the quality of design? In Connecticut, the name Robert Stern is definitely "a drawing card," says real-estate broker June Rosenthal. But even where the architects are not household names—Rossi in the Poconos, Venturi in south Florida—their houses have an impact that attracts sensitive consumers. In West Palm Beach, Venturi's graceful house stands out among neighboring houses that range from the bland to the atrocious. A designer spec house confers quality and a certain cachet without the headaches and potential cost overruns of a custom design. "The consumer is no dummy," says developer Pearl. "With these houses, he can make some decisions, but he can't make mistakes."

CATHLEEN MCGUIGAN with MAGGIE MALONE

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Back to the States, the Long Way

Singer Chris Rea takes another try at America

The last time Chris Rea was on American radio was the summer of 1978, when the single "Fool (If You Think It's Over)" leapt unexpectedly from his debut British album into the U.S. Top 20. It looked like he might be the next big thing, but the follow-up hit never came. Now, more than a decade later, Rea watches "New Light Through Old Windows" (Geffen) pick up steam on American radio, and he eyes the States one more time. Warily.

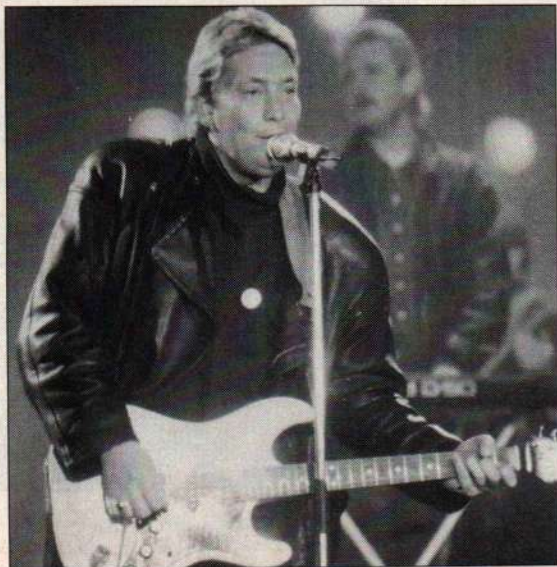
Rea's trip back this way has been a long one, and it's taken him across half the world: 1985's "Shamrock Diaries" was a smash in West Germany, Britain, Holland and Belgium; "On the Beach" went gold in Australia, New Zealand and Japan in 1986. It's just America that has proved hard to crack. But that may be about to change. If Rea isn't a kid anymore, neither is he a burned-out crooner coasting through his upper 30s on old glories and beer endorsements. At 37 he's a strong songwriter, a seasoned bandleader and a singer of gruff, plain appeal. His terrific new album speaks of ground covered and things seen. It's more reflective than explosive: the music is downright pretty, with Rea's plangent slide guitar a melancholy whisper in the ear; the rhythms are insistent but unhurried, like a steady pulse. This is rock and roll for grown-ups.

Rea was 25 when he signed his first recording contract in 1977. The advance was

\$49.73 a week, four times what he'd been getting on the dole. "My feet left the ground and I just couldn't get them back down," he says. Pressed to give up control of his music and his image, he submitted to an overzealous producer and the record-company star-makers. Trouble was, these were the punk years, and the public didn't much want to hear from an R&B-loving pop singer. By the time he was ready to put out the final record on his contract, "the company was treating me like a has-been." When the label agreed to release his raw demos, he realized that they were going to wait for the record to stiff and then drop him. Something curious happened. "It became a very big album in Ireland. By big I mean twenty or thirty thousand albums—enough so you can tour Ireland. Which you can do in seven or eight gigs." Encouraged, Rea revamped his band and started again. "And then we did our first gig in England, to 57 people in Sheffield. We built from there."

Dodging the bullets: That album was "Water Sign" (1983); the single "I Can Hear Your Heartbeat" reached the Top 20 in France, Holland, Belgium, Norway, Sweden, Denmark and West Germany. All the records since have been hits. "I kept dodging the bullets," Rea says, and he's moving still, touring extensively in Europe and Scandinavia. "Windy Town" calls up that life on the road: "And on the bus there is a friend of mine / We go way back to the scene of the crime / We sit up front and share a cigarette / And try to remember what we tried to forget..." Rea's best songs are like this—driven not by lust or unsettledness but by memory. In "Steel River" he sings an ambivalent goodbye to a town that's long gone; "Stainsby Girls" is a look back at girls who were trouble the way only young girls can be trouble ("Some loved horses and always stayed at home / But the Stainsby girls loved the Rolling Stones...") Look for Rea in the States later this year. It can be tough starting over, but all it takes is a few people to listen and America may fall in line. Finally. "If we can get those 57 people again, so to speak," Rea says, "we'll be all right."

BILL BAROL



FRANCO CORTELLINO—STAR FILE

Grown-up: Rock and roll with a sense of memory

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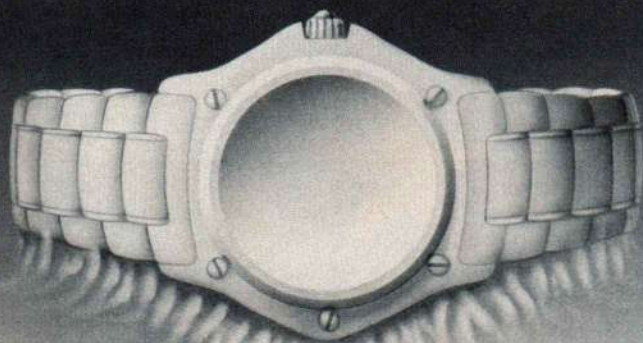
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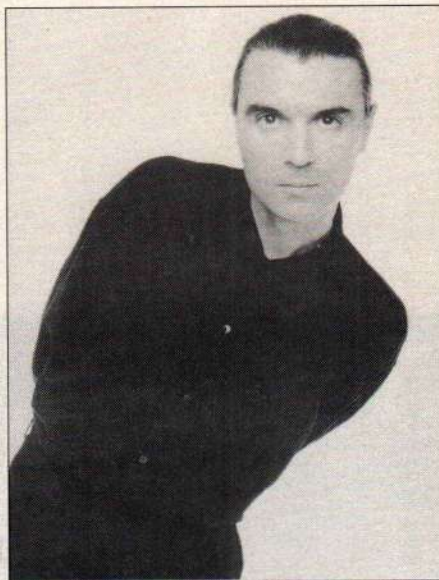
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JACK MITCHELL—OUTLINE

Brazil's pop-music ambassador to us: *Byrne*

Blame It on the Bossa Nova

Before assessing the merits of "Beleza Tropical" ("Tropical Beauty"), a Brazilian pop-music anthology collected by David Byrne of the rock group Talking Heads, let us first cast aside a few snide thoughts. Yes, shelves in good record stores are brimming with Brazilian music, well known and obscure. And, yes, it seems presumptuous for this hip American to act as Brazil's pop ambassador to us. But, yes, the newcomer needs a good introduction to this world, and "Beleza Tropical" is just that.

The language of the vocals on this record may be foreign, but the basic musical vocabulary isn't. Thanks to the popularity of the bossa nova, the soft vocals and sinuous percussion have an easy familiarity. They are used, however, in a surprising variety of styles. The artists on "Beleza Tropical" were part of the *tropicalismo* movement, which sought out global culture in the '70s. On "Andar com Fé" ("Walk With Faith"), Gilberto Gil cooks up a Memphis soul stew with samba ingredients. Jorge Ben's "Ponta de Lança Africano" ("African Point Man") tops off syncopated '60s guitar rock with call-and-response vocals. On "O Leãozinho" ("Little Lion"), Caetano Veloso sounds like a folk singer with a fluid sense of where the beat should go.

Many of the songs on "Beleza Tropical" deal, very indirectly, with political repression in Brazil. Their light textures mask a darker world. As enjoyable as this music is on the surface, it becomes richer and more complex with repeated listening.

RON GIVENS

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THOMAS VICTOR

A much-married female protagonist: *Bellow*

BOOKS

Ring Around Park Avenue

A Theft. By Saul Bellow. 109 pages. Penguin. Paper, \$6.95.

Saul Bellow has always found the novella a comfortable form. First there was "Dangling Man" (1944), then "Seize the Day" (1956). A third, "What Kind of Day Did You Have?" (1984), appeared in a collection of stories because publishers find novellas tricky to sell. Now Penguin is trying a different tack, bringing "A Theft" out as a paperback original with a run of 150,000 copies—about double what they might have done for the traditional hard-cover edition, though a cautious reduction from the "at least 250,000" they had announced last fall.

Shortsighted reviewers may mutter that "A Theft" is "far from major Bellow." That's so, in the same sense that "The Turn of the Screw" isn't major Henry James. No need to be pompous about these things: a major writer's minor work is often more delightful than his more ponderous stuff. In some of his full-length novels, Bellow has given us more argument than activity; now it's the other way around. "A Theft" has its problems, but it's hard to dislike.

For the first time, Bellow presents a woman protagonist—though there's no question she's first cousin to the big, energetic, passionate, larger-than-life men we remember from earlier books. Clara Velde,

a magazine executive and "the czarina of fashion writing," came from the sticks and retains a certain country-headed manner, but she lives now in a huge apartment on Park Avenue in the city she calls "Gogmagogsville." A veteran of four husbands (of the incumbent she says: "To him inertia is the same as stability") and three daughters, she still carries a torch for a lover who antedates her marriages. Ithiel (Teddy) Regler is an adviser to presidents. He moves around the world's damaged areas, talking about the Atlantic Alliance, Mutual Assured Destruction, theater nuclear forces. Bellow doesn't try to make Teddy's awesome expertise credible; in so short a book he doesn't have to. Teddy represents knowledge of the world out there. Clara's knowledge—this will enrage some feminists—is interior: eventually she realizes she knows who she is; not many people do.

Say nothing: Separated from Teddy by a total of seven marriages and five children, Clara holds to her love for him, sees him in between planes. During the days of their affair, Clara managed to wrest from Teddy an emerald engagement ring. Once she lost it and by the time it reappeared Clara had already spent the \$15,000 for which it had been insured. She couldn't repay the company; what should she do? The easiest thing, of course: say nothing. Though she has committed a theft—the ring really is no longer hers—Clara is no less upset when the ring disappears again, this time clearly stolen. Clara knows the culprit: the sleazy Haitian boyfriend of her Viennese *au pair* girl. But knowing who's involved in the second theft is different from knowing the human terms involved. Deeply affected by the loss of the ring, Clara sets out to recover it, a mission requiring her to learn more about human feelings.

"A Theft" is Bellow's light-handed "Ring of the Nibelung." As we expect from this author, ideas buzz about. "After the age of forty a moratorium has to be declared—earlier if possible. You can't afford to be a damaged child forever. That's my argument with psychiatry: it encourages you to build on abuses and keeps you infantile." At the same time, Bellow keeps the wit fizzing. Here's Clara on her first marriage: "This marriage was like a Thanksgiving turkey. After a month, the bird is drying out and you're still eating breast of turkey. It needs more and more Russian dressing, and pretty soon the sharpest knife in the city won't slice it. Pretty soon you're trying to eat threads of bird meat."

The flaw in Bellow's story is that he doesn't make Clara convincing in the outside world. She's meant to be a Clausewitz of couture, but we never quite believe it. Instead, she comes across as a strong woman, curiously uncorrupted by her disordered life, and a most engaging presence.

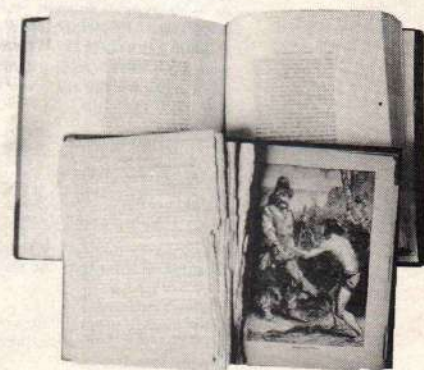
PETER S. PRESCOTT

An End to the Yellowing Pages

It isn't often that the altruistic coincides with the economically sensible, but it does happen. Recently such publishing heavyweights as Simon and Schuster, Random House, Doubleday and Bantam agreed to publish the first printings of quality hard-cover trade books on acid-free paper. The "declaration," as it was called at a conference held at The New York Public Library, should result in at least 50 percent of all trade hard-covers being printed on acid-free paper. Exulted Vartan Gregorian, presiding over his last event as head of the library, "This is a grand entente."

That may be an understatement. Because of changes that took place in the mid-1800s in the way paper is produced, 78 million volumes in American research libraries are crumbling into oblivion—roughly one quarter the total. (Attending to the damage will take at least \$300 million and 20 years.) A process for producing durable paper from wood was perfected in 1960, but it wasn't until recently that costs became competitive.

Even so, it took persistence—a lot of it from the author Barbara Goldsmith—to persuade publishers to commit to the switch. Goldsmith fired to the cause a decade ago while researching "Little Gloria . . . Happy at Last": "The books and newspapers from before 1850 were in fine shape, but some of the newer ones came apart in my hands." In the years since, she has served as a liaison between preservationists and publishers, helping organize studies to prove that using alkaline paper makes economic sense. Now, during the next year alone, acid-free paper production will double, and experts estimate that within three years virtually all trade books will be printed on it. Says Goldsmith: "This moral act of commitment will affect the entire future of our cultural heritage."



Dust: 1804 'Crusoe' (above), 1915 edition

LARRY BARNES

A Celebration of Language

OED, part two, weighs in at 20 volumes

The Oxford English Dictionary: Second Edition.
Prepared by J. A. Simpson and
E.S.C. Weiner. 20 volumes. 21,728 pages.
Clarendon/Oxford. \$2,500.

*And who in time knowes whither we
may vent*

*The treasure of our tongue, to what
strange shores*

*This gaine of our best glorie shal be sent,
T'inrich unknowing Nations with our
stores?*

Samuel Daniel, an English poet, wrote that in 1599. He wasn't the only Elizabethan to dream of an English empire (Great Britain had yet to be invented), yet he seems to have foreseen that such an empire's most important export—its lasting legacy—would prove to be not its laws or its commerce, but its language. By the mid-19th century English had become the most widely spoken European language in the world. Perhaps not coincidentally, the need for a new English dictionary became apparent at the same time.

That astonishing enterprise, The Oxford English Dictionary, took 70 years to complete. Designed to be in effect a biography of the language, it would show, by voluminous quotations from literary and historical sources, how words changed their meanings. The first part of the dictionary appeared in 1884; the 12th and final volume in 1928. Nevertheless, language changes; as decades passed, it became clear that the work everyone called the OED couldn't be left paralyzed by its unbudgeable authority.

Beginning in 1972, the OED produced four huge supplementary volumes, but the computer age made it imperative that the whole thing be reassembled and updated. Now we have it: OED2. Where once stood 12 uneven volumes of which, we're told, W. H. Auden reduced his set to tatters, now stand 20 exceptionally handsome volumes of equal size in which Auden is cited as a reference. Nothing in any language can be compared to it. At 137.72 pounds, the set weighs more than many full-grown women. More than half a million words are defined, including 5,000 new words, and buttressed by 2,412,400 illustrative quotations—a total of 59 million words.

Though the work is no longer than it need be, there's a pleasurable sense of excess about it: no lover of the language can exhaust it. OED2 invites browsing; you can start anywhere and develop a line of inquiry as you go. Take OED2 at its most vulnerable—its new words—and you find that **AIDS**, **ayatollah**, **crack** and **fax** have made the cut—and we're reminded that **faxed** once meant "hairy." OED2 has made a strong effort to embrace American English, but it needs work in black colloquialisms: **Afro**, the hair-style, is here, and **bad**, meaning "good," but not "brother" or "high fives."

Another browsing route carries us past words that walked into the language only to march right out again: **deruncinate** (to prune) which thrived between 1656 and 1706; **temulency** (drunkenness: 1623-1853); **illicebrous** (alluring: 1531-1656), and **Goldwaterism** (1960-1970), a word only the British ever favored. More interesting still are the guided tours through changing meanings. **Bravery** once meant "a thing of beauty"; **prig** in the 16th century meant a tinker; from the 17th to 19th centuries, a thief. The meaning of **let**, which covers nearly six pages, once also included "prevent."

Invaluable as its citations are, problems can arise. A series of quotations can't

abuzz (ə'baz), *adv. or pred. a.* [f. A *prep.*¹ + **BUZZ** *sb.*¹ and *v.*¹] In a buzz; filled with buzzing.

1859 DICKENS *T. Two Cities* III. ix. The court was all astir and a-buzz. 1859 GEO. ELIOT *A. Bede* I. xxi. I hate the sound of women's voices; they're always either a-buzz or a-squeak. 1926 J. G. KERR in *Rep. Brit. Assoc.* 1926 111 The whole air is abuzz with discussions on sex.

abversion, *obs. irreg. form of AVERSION.*

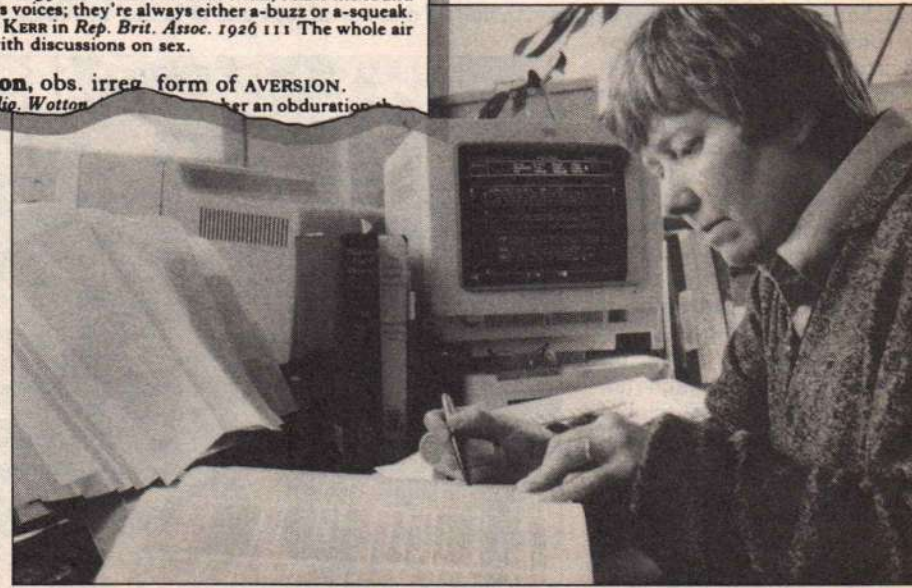
1658 Relio. Wotton ... her an obduration.

show the damage that a current usage can do: how **gay**—a delightful and necessary word—is now virtually lost to us except in its homosexual association. Simply to compile a series of citations must involve an act of literary criticism, implying that the lexicographers know what meaning each citation conveys. Take **disinterested**, another important word that can't be used today because most people think it means "uninterested" rather than "free from bias." OED2 suggests that this careless use of "disinterested" goes back to John Donne, but its citations don't settle the question.

Here and there one finds a vague or sloppy definition: **basset-horn**, "a tenor clarinet, of somewhat greater compass than the ordinary clarinet." What on earth does that mean? "A member of the clarinet family," replies The Norton/Grove Concise Encyclopedia of Music, "normally pitched in F but occasionally in G." Now we know. **Entropy**, a concept that bothers most dictionaries, fares indifferently: "The name given to one of the quantitative elements which determine the thermodynamic condition of a portion of matter." Any wiser? The Concise Oxford Dictionary does it much better: "Measure of the unavailability of a system's thermal energy for conversion into mechanical work; measure of the degradation or disorganization of the universe."

Never mind: as it stands, OED2 is as grand an achievement as anyone could ask for. Its etymologies have always been in a class by themselves and now the pronunciations have been rendered in the International Phonetic Alphabet. How can we not love a dictionary that closes its first volume with a definition of **bazooms**? Norman Mailer and Elmore Leonard are the resident experts—who else?

PETER S. PRESCOTT with DONNA FOOTE in London



ETIENNE BOL

A pleasurable sense of excess: Polishing a few of the work's 59 million words

MOVIES



Up, up and away: Polley and Neville take off for the moon in their ragtag balloon

Marvels Upon Marvels

Fantasy isn't cheap but it has its rewards

The movies are the only place where a childlike sense of wonder can wind up costing an unchildlike \$45 million. That's the amount of money that reportedly has been spent on making **The Adventures of Baron Munchausen**, which was originally budgeted at about half of that. Director Terry Gilliam (of Monty Python fame) is the guy with the childlike sense of wonder. It turned out he needed all that money to play with in a runaway operation that nearly cost him his job. "Munchausen" is one of those movies in which art and business collide and affect each other. Just because a film costs so much to make doesn't mean that it will be a bomb—or that it deserves to be. A lot depends on how a studio—Columbia in this case—distributes and promotes it. And of course, how good is it? "Munchausen" is flawed but fascinating, a Pythonesque fantasy with awesome special effects. And win or lose, Terry Gilliam is a talent to reckon with.

In the original, 18th-century stories, Baron Munchausen was an epic liar, part of a cultural tradition that stretches from Ananias in the Bible to Ted Baxter from "The Mary Tyler

Moore Show." For Gilliam the baron represents fantasy, the imagination, against the chilly dictates of reason and logic. Gilliam's version is an 18th-century magical mystery tour in which Baron Munchausen (John Neville) suddenly appears in an unnamed town that's being bombarded by the Turks and boasts that he will save the city.

The baron takes off in a balloon made out of a mountainous pile of ladies' bloomers,

accompanied by 10-year-old Sally (Sarah Polley), who is the Alice of this wonderland. They land on the moon, ruled by a king whose head detaches itself from his body, so the head can concentrate on higher things while the body engages in carnal congress with the queen (Valentina Cortese). "I haven't time for flatulence and orgasms," explains the king's disembodied head. As that brashly surrealist line might indicate, the moon king is played with perfect lunacy by Robin Williams, unidentified in the credits.

Midair whirl: From the moon the expedition plummets to the lair of the fire-god Vulcan (roaring Oliver Reed) who crushes coals into diamonds for his bride, Venus (exquisite Uma Thurman). One of the most magical scenes is the dance of Venus and Munchausen, who whirl in midair through her

floorless ballroom laced with waterfalls. Touching all elements—space, earth, water—Munchausen & Co. plop into the belly of a sea monster, where he meets his old servants: Adolphus (Charles McKeown, who cowrote the screenplay with Gilliam) is the world's greatest marksman. Gustavus (Jack Purvis) is a dwarf whose mighty lungs can blow away armies. Albrecht (Winston Dennis) is the world's strongest man, who carries off everything in the Turkish sultan's treasury. Berthold (Eric Idle) is the fastest man on earth. This 18th-century SWAT team defeats the Turks and discomfits the city's boss, the puritanical, Robespierre-like Horatio Jackson (Jonathan Pryce), who hates fantasy and fun.

Much of "Munchausen" is truly astonishing, as was Gilliam's Orwellian fantasy "Brazil." But like "Brazil," "Munchausen" sometimes mistakes astonishment for delight. "Munchausen" lacks what one of Gilliam's models, the English classic "The Thief of Bagdad," had—an enchanting balance of technical wizardry, narrative and character. Gilliam crams the screen with so many marvels that it's hard for his characters to breathe. Yet few movies contain the authentic prodigies in "Munchausen"; Terry Gilliam is one of the rare directors who can create a world. "Munchausen" is like a huge, flawed emerald, a real gem that has cracked under pressure.

JACK KROLL



MELLOUL-SYGMA

A world of wonder: Gilliam (front row, center) with minstrels



The end of an empire: Boschi (left), pilot

Out of Africa—In the French Style

In French slang, **Chocolat** means both to be dark-skinned and to "get caught." Director Claire Denis's subtle, shimmering movie about the waning years of French colonialism in Africa during the '50s deals with both senses of the word. Everyone in the film is caught—the blacks are trapped in a decayed political system, the whites cling to the paternalism of a "superior" race. But "**Chocolat**" is not about the politics of imperialism, it's about the texture of human lives under a system where injustice has become mere routine. Denis grew up in colonial Africa, and her film (her first) pivots about a child named France (Cécile Ducasse), the daughter of a district officer in French Cameroon (François Cluzet) and his wife (Giulia Boschi).

The central relationship in the film is between France and Protée (Isaach de Bankolé), the Dalenses' black house "boy." Protée is France's friend and mentor—he teaches her the native language, he shows her how to eat ant sandwiches, he spends more time with her than her beautiful, jaded mother and her always-traveling father. For little France it's a kind of paradise, but when a plane is forced down nearby, disgorging a motley band of characters, that paradise begins to unravel, exposing the buried tensions of race, culture and sex. Moving like a dream that explodes into reality, "**Chocolat**" is blessed with superb acting, especially by its star, the African-born Bankolé. His quiet eloquence and suppressed passion express the human cost of an unjust political system.

JACK KROLL

Chairwomen of the Chessboard

The Polgars are coming

Judit Polgar's sweet appearance can be a trap. At 12, she looks like an average girl, prone to giggling and running around breathlessly. But those who sit across a chessboard from Judit notice something disquieting about her black, deep-set eyes. They burn with the killer instinct that has made her the No. 1 woman player in the world. Back at the Polgar home in Budapest, Hungary, however, Judit must fight to be the best in the house. Sister Zsuzsa, 19, is the No. 3 woman in the world, after being No. 1 from 1984 to 1986. And sister Zsofi, 14, is on the way up. Now at No. 36, she recently swept the boards at a major tournament in Rome, which will almost certainly vault her into the top 10. With the unabashed directness of an accomplished child, Zsuzsa says of her family, "We're always happy to win."

Often the players they defeat are men. Unlike most of the top women in chess, who compete in female-only tournaments, the Polgars have sought tougher opponents in predominantly male mixed tournaments. Only once have they stayed within their sex, at last fall's Chess Olympiad, when they led Hungary to the women's team gold medal. Judit ties for 55th in the world, counting males—much better than 10 years ago when the best woman in the world ranked only about 400th overall. As a result of their unprecedented success against men, the sisters have challenged notions about male superiority in chess. "The Polgars have caused a revolution," says Dr. Anthony Saidy, an international master. At the prestigious New York Open this week, they continue their assault, with only one other top woman, against nearly 75 male grandmasters and international masters.

Chauvinism among chess men strongly resembles sexism in other endeavors. Males refuse to acknowledge the strength of females, even though many women have a higher numerical rating on the scale that is used for both sexes. When top-10 woman player Elena Donaldson-Akhmylovskaya defeated a lower-rated man at a tournament last month, "He just couldn't believe it," says John Donaldson, her husband and captain of the U.S. men's team at the 1988 Olympiad. Some men theorize that women lack Oedipal motivation—to figuratively conquer their fathers and win their mothers. Others accuse women of not having an



NIGEL EDDIS

Taking on the men: Zsofi and Judit

aptitude for spatial relations, or a sufficient supply of the right hormones. Sexual differences, though, are largely irrelevant, says Linda Gilbert, a recent Ph.D. who wrote her dissertation on gender and chess. The limited success of women in chess is directly attributable, she says, to the small number who compete—less than 5 percent of serious players in the United States—and a lack of support from family and peers. "Women get inferior opportunities from the beginning," Gilbert says.

Six hours a day: But not the Polgars. Starting at about the age of 4, the girls were immersed in the game by their father, Laszlo, a psychologist, and mother, Klara, a language teacher. The Polgars taught their children at home, concentrating on language instruction, math and as many as six hours of chess a day. The three sisters have developed different personalities on the chessboard. "I'm quieter, more reflective and careful," says Zsuzsa. "Zsofi is aggressive, and Judit is a mixture of us both."

Laszlo and Klara Polgar believe that hard work accounts for their daughters' accomplishments, and that sex hasn't been a factor. "Women are able to achieve results in fields of intellectual activity similar to those of men," Laszlo has written. Judit may prove her father's assertion in the next decade. She's already done better than any other 12-year-old in chess history—including Bobby Fischer and current world champion Garry Kasparov. Kasparov has said that the next world champion could be Judit Polgar. To win it, however, she'll have to get past her sisters.

RON GIVENS with THERESA WALDROP in Bonn

Seeking a 'Middle Way'

The Dalai Lama, Tibet's spiritual and temporal leader, heads his country's government-in-exile. From his headquarters at the Himalayan town of Dharamsala in northern India, the Dalai Lama spoke last week with NEWSWEEK's Sudip Mazumdar about China's harsh suppression of Tibetans' demands for more autonomy. Excerpts:

MAZUMDAR: Why was the latest unrest in Tibet so militant and so widespread?

THE DALAI LAMA: Every time these demonstrations occur, the Chinese use more repressive measures. That automatically increases people's determination, especially among the youth. In past demonstrations, the Tibetans proceeded peacefully. This time the Chinese started to take pictures to identify Tibetans to be arrested. That caused fear, and then violence broke out. Shops were burned by people who had their faces covered, so you couldn't tell who they were. They could have been militant Tibetans or the Chinese themselves who used the violence as a pretext to impose martial law.

Why did the Chinese impose martial law and expel all foreigners?

I have a feeling that one group in the top Chinese leadership, particularly in the military, feels that the Tibetans take [advantage] of China's lenient policy permitting demonstrations. So their only answer is more repressive measures and a closed society. If that group's ideas get more support, it would create more problems.

What is your response to reports that Tibetans are supporting martial law and distributing yak-butter tea and hot milk to Chinese soldiers?

If that is the case, why were all the foreigners expelled?

Foreigners should be allowed to see whether these reports are true.

Some Tibetan groups feel that the Soviet Union and the United States have not adequately condemned the Chinese policy of "wiping out the Tibetans."

It is understandable that they have to take other things into consideration. But it is sad that they are not outspoken in their criticism of the Chinese. If such things had happened in a Soviet republic,

more things in mind that I would disclose at the time of talks. But for the moment, the situation must cool down.

Where should the talks be held?

We already have a team ready for negotiations, and I think the talks could be held in Geneva. When the negotiations become serious I have to participate, and it is better for me to have the talks in Geneva. If I try to go to Beijing, many Tibetans would not like it.

The Dalai Lama



BALDEV—SYGMA

I am not demanding independence for Tibet. We will gain more if we retain our relationship with China.

lic, the Western response would have been very strong.

What is your response to India's statements?

I feel that India did do what it could and is still doing so. The Indian government has given great help to the Tibetans, particularly in education, rehabilitation and the preservation of Tibetan culture.

China has offered to hold talks with you. What would you hope to achieve through the talks?

I have already explained our stand in my statement before the European Parliament in Strasbourg: a democratic self-government in Tibet with China in charge of transportation, defense and foreign policy. I have a few

Chinese officials have said that their government rejects the proposals you put forward in Strasbourg. What is your response?

The Chinese have interpreted my statement wrongly. I am not demanding independence for Tibet. The Chinese say they want to develop Tibet. That is a good thing. We Tibetans will gain more if we retain our relationship with China. But the present system of autonomy is meaningless. If the present structure satisfied the majority of Tibetans, there would not have been such widespread unrest. The Chinese do not understand the Tibetan reality. If they want to develop Tibet, they must go through us. We are the true representative of the Tibetan people. I call my

proposals the "middle way."

China says there is a gap between the Dalai Lama and the Beijing government. What is that gap?

So long as I do not act as a yesman, there will be a gap.

Some radical Tibetan groups reject your middle way. Can you rally their support?

I think so. I know quite a number of people, inside and outside Tibet, who are disappointed with my proposals. But I think I can convince them and gain their support. I have also said that the final decision will be taken by the majority of the Tibetan people. As a spokesman, I simply put forward those proposals.

What does the future hold for Tibetans?

We always are optimistic, now even more so because the world is changing, including the Soviet Union and China. The communist countries are becoming more humanized. That is a positive sign. We have to be a little more patient.

What would you like to tell China right now?

I have put forward concrete proposals and am ready for talks. We have suffered at their hands. How can we develop a 100 percent trust without any action on China's part? They must show that they want to help solve our problems. If both sides make sincere efforts to develop mutual trust, then the Tibetan issue could be solved soon.

What future role do you see for yourself in Tibet?

I have made it clear that I will not participate in the future democratic self-government in Tibet. I just want to be an ordinary citizen. That will be my biggest reward because that will mean more freedom.

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A close-up photograph of two hands against a light, neutral background. The left hand holds a single, thick, golden-brown sausage between the thumb and index finger. The right hand holds a silver fork, which is also holding a similar sausage. The lighting is soft, highlighting the texture of the sausage and the skin of the hands.

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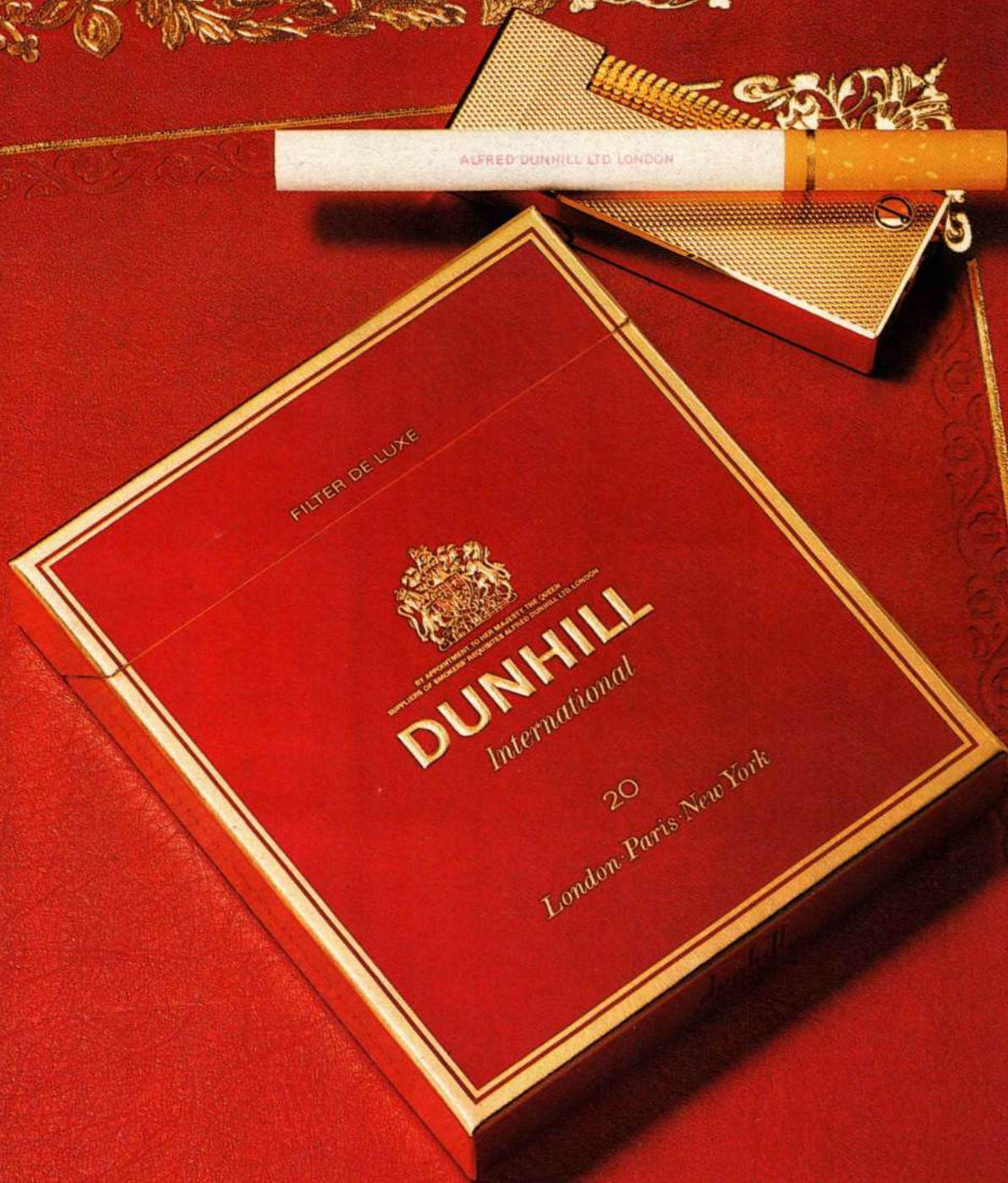
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